SENATE—*Tuesday, June 20, 1989*

(Legislative day of Tuesday, January 3, 1989)

The Senate met at 11:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. BYRD].

The PRESIDENT pro tempore. The prayer will be offered by the Senate Chaplain, the Reverend Dr. Richard C. Halverson.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray:

"We hold these truths to be self-evident that all men are created equal, and that they are endowed by their Creator with certain inalienable rights * * * to secure these rights, governments are instituted among men deriving their just powers from the consent of the governed. * * *"— Excerpt, Declaration of Independence.

Eternal God, Creator, sustainer, consummator of history, thank Thee for the belief in creation at the roots of our political system. Recently the Prime Minister of Pakistan reminded us that three of the most beautiful words in the English language are "We the people." We have seen the hypocracy, the bankruptcy, of a government that calls itself the "people's republic" violently repress the voices of the people.

With unspeakable gratitude, we thank Thee for the unprecedented political system which is our legacy. Renew the people of the United States, mighty God, in dedication to this system. Save them from cynicism which allows them to abdicate their sovereign responsibility and then blame government for its failure. Help the people to see that our system will not function as intended if they fail to exercise their sovereignty. Arouse each of us, Lord, to the personal responsibility essential to our way of life.

In His name who is truth incarnate. Amen.

The PRESIDENT pro tempore. The Senate will come to order.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized under the order.

THE JOURNAL

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

SCHEDULE

Mr. MITCHELL. Mr. President, this morning, following the time for the two leaders, there will be a period for morning business not to extend beyond 12:30 p.m. with Senators permitted to speak therein for up to 5 minutes each.

The Senate will stand in recess from 12:30 until 2:15 p.m. for the party conferences. When the Senate reconvenes at 2:15, debate will resume on S. 5. I anticipate that there will be rollcall votes throughout the day, and possibly into the evening today. It is my hope that we will be able to complete action on this legislation this week.

Mr. President, I reserve the remainder of my time, and yield to the distinguished Republican leader.

The PRESIDENT pro tempore. Without objection, the remainder of the time of the majority leader is reserved.

RECOGNITION OF THE REPUBLICAN LEADER

The PRESIDENT pro tempore. The Republican leader is recognized under the order.

THE CHILD-CARE BILL

Mr. DOLE. Mr. President, hopefully some time this afternoon there will be an amendment discussed, hopefully offered, maybe offered to the pending substitute of the distinguished majority leader on child care.

I urge my colleagues on both sides of the aisle to take a look at the amendment. We believe it has a lot of features that Members on both sides of this aisle have supported many times before. The child-care tax credit, whether it is earned income tax credit, I think Members on both sides have gone on record in support of those programs, and this would be an expansion of the earned income tax credit refundability and, of course, the child-care tax credit would be refundable. We believe it is the right approach.

I say with reference to the ABC portion of the pending substitute that I took the report home last night believing I might be able to learn more about the ABC bill. But it has been changed so much it has become the XYZ bill. It has gone from one end of the alphabet to the other. I do not know what to read in this report. I hope maybe the distinguished Senator from Connecticut [Mr. DODD] or the Senator from Utah [Mr. HATCH] could cross out what is left so we know what to read in the RECORD.

In my view it is changing almost by the minute, and it would be helpful to some of us to properly assess the ABC bill to know precisely what remains of what was on the minds of the sponsors when the bill was considered in the committee.

I also urge my colleagues to keep in mind that $1.75 billion for the ABC portion of the bill would serve only about, as I calculate it, 5 or 6 percent of the children. So if you add up, and if you are going to fund the whole 100 percent, you are talking about $20 billion to $30 billion or more.

I say that is probably one of the real weaknesses of the ABC approach; $1.75 billion would create a whole new bureaucracy, have a new assistant secretary in HHS. I do not know how many millions of dollars it would cost for that, nor how many millions would be spent on each State to administer this new massive program. But if there are 14 million children out there and the sponsors indicate that $2.5 billion would serve 1 million children, that has been reduced to $1.75 billion, and 700,000 children, that leaves 13,300,000 who will not benefit from the ABC approach.

So I hope when we get into the debate that Members on both sides will not only carefully look at what we will propose hopefully on a bipartisan basis to address some of the concerns—stay-at-home mothers, religious concerns, reaching more children, letting the parents make the choice other than some bureaucracy. All those are real issues. They are not Republican or Democratic issues. They are issues that people in our State are going to be concerned about.

So we will make copies available, as soon as we have the prepared copies, to all Members of the Senate of our amendment, copies obviously to the majority leader, and copies to the sponsors of the ABC bill.

I also ask my colleagues to take a good look at the insurance provisions of the substitute.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

I believe any objective analysis of the proposal by my good friend, the chairman of the Senate Finance Committee, Senator BENTSEN, would indicate that nobody is going to benefit very much from the credit of $500, depending on income, to go out and purchase insurance for your children. What is going to happen is there is going to be a subsidy for those who already have coverage for their children. Again, in this time of tight constraints and budget problems it seemed to me we ought to try to find some way to address this very important issue of child care to make certain that the money goes where it will be needed, that it goes to the needy families. Though I know middle-income families can always use some help, in this critical time of budget restraint we had better make certain the programs go to the neediest.

That is what the earned income tax credit does. And to a certain extent that is what the child-care tax credit refundability provision will do, though in that case many of the poor people do not itemize and keep track of their child care expenses, and probably will not benefit from that portion.

So I know on both sides of the aisle, and on both sides of the child care policy some will say, "Well, it ought to be just tax credit, period."

We also have a grant provision in ours to be used for a number of things. So it is my view that if we can take a hard look at both proposals, and keep in mind the ultimate beneficiary is to be the child, not the Governors Association, not some lobbying group, not some new bureaucracy, but the child. Keep in mind that the choice ought to be the parents, the parents. Then I believe we can objectively assess both bills and, hopefully, the proposal we will offer will attract votes from both sides of the aisle. And I say that we will discuss it in detail later on. But I hope that the distinguished Senators from Connecticut and Utah could revise the committee report, maybe just take this one and X out what they have X'd out of their bill, so we can take a look at it and see what is left of the ABC and see if it has become XYZ.

I reserve the remainder of my time.

Mr. MITCHELL addressed the Chair.

The PRESIDENT pro tempore. The majority leader.

Mr. MITCHELL. Mr. President, I would like to comment on the subject of the pending legislation to which the distinguished Republican leader has referred.

First, all Senators should be aware that the amended version was introduced on Thursday, June 15, and printed in full in the RECORD on that day. Senators, therefore, have now had nearly a week to read precisely what is in the legislation. Since it was introduced, there have been 3 days of debate on the Senate floor in which the Senator from Connecticut and the Senator from Utah, the principal sponsors of the bill, one Democrat and one Republican, have explained in great detail what is their bill.

As I understand it, contrary to the assertions made here today, under that bill, if adopted, there would be no new Federal bureaucracy; 100 percent of the funds would go to the States. And, therefore, I think that the Senators have had an opportunity to review this pending proposal. It has been printed for nearly a week. Any Senator who wished to do so could get the CONGRESSIONAL RECORD for June 15, which I now have in my hand, and read precisely what is in this proposal word for word. When they do, I hope Senators on both sides will join with the bipartisan group that is sponsoring this legislation. Senator HATCH of Utah, a Republican, and Senator DODD of Connecticut, a Democrat, have joined to craft a responsible bill, and I believe that bipartisan support should extend to the full Senate.

We look forward, of course, to receiving the alternative to be proposed by the distinguished Republican leader. Obviously, none of us can make a judgment on it until such time as it is presented, and we understand that will be presented this afternoon. We look forward to that and to a vigorous debate on the two.

In conclusion, I simply say to those Senators who are interested in learning what is in the pending ABC bill, it was printed in full in the CONGRESSIONAL RECORD nearly a week ago. There have been 3 days of debate to explain it. Every Senator has had a full opportunity to hear, read, listen and understand the provisions of the pending legislation. When they do all of those things or any of them, I believe they will support this important bipartisan legislation.

Mr. President, I reserve the remainder of my time.

The PRESIDENT pro tempore. The remaining time will be reserved, without objection.

MORNING BUSINESS

The PRESIDENT pro tempore. Under the order, there will now be a period for the transaction of morning business not to extend beyond the hour of 12:30 p.m. today, with Senators being permitted to speak therein for not to exceed 5 minutes.

Mr. ROTH addressed the Chair.

The PRESIDENT pro tempore. The senior Senator from Delaware is recognized.

Mr. ROTH. I thank the Chair.

(The remarks of Mr. ROTH pertaining to the introduction of S. 1202 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDENT pro tempore. The Senator from Tennessee [Mr. GORE] is recognized for not to exceed 5 minutes.

Mr. GORE. Thank you very much, Mr. President.

I wish to discuss two matters this morning.

(The remarks of Mr. GORE pertaining to the introduction of Senate Joint Resolution 159 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. GORE. Mr. President, now I would like to turn to the second subject that I want to address today.

BUSH "START" PROPOSALS

Mr. GORE. Yesterday, the United States of America went back to the negotiating table in Geneva.

A few weeks ago, it seemed that President Bush had absorbed a valuable lesson about the difference between bureaucratic process and Presidential leadership. After letting the Cabinet agencies grind away on a review of security policy for 6 months, the President found himself on the eve of the NATO summit in Brussels, with a completely inadequate product. It was not inadequate because of any flaw in its details: it was inadequate because it embodied to a fault the caution of the bureaucrat; and it therefore lacked the essential element of vision needed to give it life. It was a document so safe, that it was dangerous.

The President was right to rely upon his instinct about the needs of the moment, and to push his closest advisers to produce something decisive on conventional arms control. It was risky, but it would have been a disaster had he not done so. With that example in mind, many of us hoped that the President would be similarly decisive in his approach to START, which is now resuming. Unfortunately, if the press accounts over the weekend and this morning are correct, this time the President has completely pulled his punch, and as a result may well fail to make a successful opening move either with respect to the Soviets or the Congress and that failure could cost him and the Nation dearly.

As we all know, there is no easy way to pursue arms control. A President must contend not just with the Soviets, but with a never-ending domestic struggle to impose order on the executive branch, and to achieve some meeting of the minds with Congress, including not only the political opposition, but even at times, members of a President's own party. Over the past 20 years, there have been more failures than successes, and the odds are always daunting. Nevertheless, it is incumbent upon a President to define

his goals, rather than allow them to be formed by others.

And yet, according to the press, what the President has decided to do is the reverse. Recognizing that he has disagreement inside his administration and some potential problems with Congress about verification, he has decided evidently that his opening move will be to find out what the Soviets will permit. Recognizing that his strategic modernization program is not fully supported within his administration, he will wait to see what Congress does before telling anybody how he thinks an arms control agreement should affect strategic force posture.

I do not want to criticize the President unfairly. There are hard verification issues, and, in the past such problems have made Senate ratification of agreements hard and sometimes impossible to obtain. Debate over SALT II ratification might have destroyed that treaty, had it not been withdrawn from the Senate's agenda after the Soviet invasion of Afghanistan. It is also true that the Reagan administration typically never came to grips either with verification until very late in the game, whether the same was deploying a new weapon—such as the sea-launched nuclear armed cruise missile—or START.

So, if the administration had begun by advancing both a substantive proposal and verification measures in parallel, that would have been an intelligent change for the better. Instead, we have a mixed and irrational assortment of ideas, with no organizing core, all served up as "confidence building measures." Let us examine them, bearing in mind that all this is based on information in the public domain. I will not discuss any classified material here.

First, there is a reported proposal for a ban on flight-test telemetry encryption. That is well and good. It is also a given in any U.S. negotiating approach in any administration.

Second, there is a reported proposal for both sides to be able to inspect each other's reentry vehicles, although it is not yet clear whether that will involve uncovering them in place, in silos on top of missiles. It would be an interesting and dramatic precedent and that makes this idea a fine piece of one upmanship to use against General Secretary Gorbachev, who has had the run of things on verification.

But such inspections will never entirely reassure specialists whose real concern is breakout, a situation in which the Soviets begin to load up their missiles with additional warheads to take advantage of their full potential. The only way to get at that problem is to reduce the size of missiles, preferably by deploying increasing numbers of single warhead systems, and by diminishing the impact of cheating or a breakout, by making missiles mobile.

Third, according to the press, we have a proposed ban on short-flight time or depressed trajectory submarine-launched ballistic missiles. That is vindication for a few Members of Congress—including especially my friend TOM DOWNEY in the other body—who have advocated such a thing for years against the dismissive ridicule of the Reagan administration. But depressed trajectory missiles are not a central issue. On the contrary, they are hypothetical weapons of a sort neither side is known to be developing. Should they be developed, however, they could rekindle fears about a nuclear first strike, which ought otherwise to be dealt with in the central provisions of a START agreement.

But the problem is that the central provisions of a START agreement, as envisaged by the Bush administration, are not in evidence.

Fourth, according to the press, we have a proposal to allow inspections of plants where the Soviet Union makes train-mobile launchers for its MIRV'd SS-24 missile. Now, here we have something that at least tip-toes up to the edge of a central issue. The Soviets are deploying the SS-24, in addition to their truck-mobile single warhead SS-25. The U.S. position inherited from the Reagan administration calls for a ban on such missiles, originally on the grounds that limits on them could never be verified. That point of view was softening by the end of the administration, however, and a concept for basing mobile missiles in geographically restricted areas—small enough for peace-time accountability, big enough for wartime survivability, was emerging.

But what is the administration's intent as regards limitations on mobile missiles, and what is the relationship between this proposal and the limits the administration might have in mind? We do not know, because this crucial element of architecture of an arms agreement remains undefined this morning, after months of review in the administration.

This is not an opening move in Geneva. It is an antimove. And it cannot last as policy because it does nothing to illuminate choices the United States must make in the meantime about its own strategic forces.

Again, it is similar to what happened in the runup to the NATO summit. For weeks, indeed months, the administration hung onto a collection of internally contradictory positions that could not be sold to the public, either here or in Europe, and then, finally, at the last minute, the President cleared away the bureaucratic underbrush and put his stamp on a sweeping proposal.

Well, that is what should have been done before the arms control talks in Geneva started yesterday, but it was not done. Unfortunately, the Congress, here and in the other body, will be proceeding to consider the strategic modernization package. The Congress needs to hear from the President about what he intends to propose in Geneva and how those arms control proposals relate to the Nation's plans for strategic modernization.

Now, we have heard about some proposed ideas and some of them sound pretty good. Some of us have been telling the Secretary of Defense, the National Security Adviser, and the President himself for weeks that this program for modernization needs their attention and needs the President's personal attention. The START framework he inherits from the last administration is built around the assumption of a large force of B-2 bombers. We are not going to be able to afford such a force, at least not as large as they have anticipated, and will therefore need to rely more on ballistic missiles than had been anticipated. In any event, we are going to want to retain some of those missiles on land. But that reinforces the need to come to grips with the problem of the vulnerability of these missiles to a theoretical first strike.

Arms control alone cannot solve this problem. We will need to deploy ICBM's as mobiles in order to do that. Therefore, the President's decision to redeploy the MX missile as a rail mobile, and then to deploy the Midgetman, is the center of all the concentric circles of an approach to modernization and arms control that seeks to solve the stability problem once and for all.

But the funding numbers announced at the time for Midgetman were so completely inadequate that they disheartened the President's supporters and left all other observers incredulous. Happily, we have just heard from the Secretary of Defense, who now acknowledges that the first projections were inadequate, and who now proposes somewhat more credible numbers.

But what should have been presented at once as the product of hard and clear strategic thinking has instead been parcelled out in such a way as to play into the hands of the President's critics—in both parties—who claim that the whole thing is merely as maladroit effort at compromise: a mere exercise in log rolling.

At least some members of the President's team know that the problem is much more severe than that, and have, in their minds, a clear, concise, and strategic concept. But the President himself has not yet endorsed it or presented it.

There was a way to remedy that impression, and—as SAM NUNN, LES ASPIN, and others including myself have repeatedly said—it was to make

clear the linkage between this kind of modernization, and the objectives the President presumably has in mind for strategic arms control.

In the weeks preceding this nondecision, the press was full of hints that exactly such a thing was about to occur. We read—and some of us were told privately—that the President wanted to put his stamp on these negotiations. At the top of the list, according to all these insiders—some of whom are very inside indeed—was a proposal to ban land-based MIRV'd mobile ICBM's and to permit single warhead mobile missiles on land.

It would have been an excellent idea and still could be. In the first place, such a proposal would mean retracting the Reagan administration's self-contradictory demand that all mobile ICBM's be banned. It was the Reagan administration itself which first embraced the idea of mobility: initially in connection with the Midgetman, and then as applied to MX. To this day, we do not have an accurate accounting of the reasoning which led to the proposal for such a ban in the first place.

How could such a proposal be serious, in view of stated U.S. policy for modernization? How could it be serious, in view of the ongoing Soviet deployment of two types of land-mobile intercontinental ballistic missiles? The idea of a ban is not only illogical but contrary to U.S. interests, and it cries out for rectification.

In the second place, a ban on land-based MIRV'd mobiles would have pointed us toward a highly stable and verifiable outcome. Have we not finally agreed that placing more and more warheads on fewer and fewer delivery systems was a perverse way to approach arms control? Have we not told ourselves that changing the ratio of warheads to targets made sense, and that making missiles highly mobile would eliminate the problem or bugbear of a successful nuclear first strike? Did it not become clear that monitoring restraints on a train-mobile MIRV'd system would be a lot riskier than monitoring restraints on a truck-mobile single warhead missile?

Well, the prospects in Congress will depend now upon anticipation of a good result in the ongoing deliberations in the administration. But we need a clear statement from the President.

In the House of Representatives, there have been efforts to form a strange coalition in opposition to single warhead mobile missiles, between some who have opposed virtually all such modernizing proposals and others who frequently feel that we never have enough for total security.

I do not want to mischaracterize either side's position, but I think my colleagues would agree that the coalition is certainly unusual.

The prospects for that coalition will depend upon the President's clarity in presenting the Nation's interest in these matters. Because, if they should happen to win, then the coalition partners would certainly soon split apart because they are in agreement on nothing else. One faction will then start gunning for the next strategic weapons system to do in, and rail mobile MX will be a very good target for that. The other faction will do its best to impose immoderation in all things strategic, mainly by pushing ahead on SDI much faster than this administration desires. Meanwhile, the centrist coalition the President needs, to help him anchor his programs in Congress while he negotiates with the Soviets, would have been discredited, defeated, and dismantled.

As for the negotiations, I predict that if the President suffers the defeat of his modernization program in Congress, he will have spoiled his opportunities from the outset. Deep reductions of strategic nuclear forces cannot be made without paying close attention to the stability of the remaining weapons on both sides. But there are only so many ways to provide for stability, and mobile single warhead missiles are the best of the lot by a long shot.

Consider the alternatives. We can have deep reductions involving highly MIRV'd missiles on land and at sea. The mathematical result of such reductions is to force an ever higher concentration of warheads on an ever smaller number of delivery systems. The results of that would be an inherently unstable arrangement which some would argue then demand redress through a full-scale SDI system.

Others do not seem ready to suggest that we do away with SDI. But no missile defense can be deployed without abrogating the ABM Treaty, and any such system, once deployed, would be extraordinarily destabilizing. In any event, the new technologies upon which so much hope is based are not nearly ready for application and deployment. Basing a strategic policy on the assumption that these futuristic SDI systems will soon be available would be like basing our entire energy policy on the assumption that coal fusion will provide all of the energy that we need.

Second, perhaps the administration has convinced itself that it has the luxury of delay, given the abbreviated timetable that the President has proposed for completing the conventional arms control talks. Hopefully, that is not what is going on. It was a brilliant piece of political manipulation to assert that those talks could be completed in such an incredibly short period of time. It let Chancellor Kohl and the Federal Republic off the hook and it gave General Secretary Gorbachev a shot that he has to run to catch, for a change. But anyone who seriously expects that timetable to be met is either cynical or self-deluded. Writing such a complex treaty will be the work of years, even if things go very well, or we will have something so unworkmanlike and rushed as to be dangerous. Consequently, if the idea is to slow down strategic talks until after we sign a conventional arms control treaty, the administration can easily spend the next 4 years with no strategic agreement whatsoever.

Now, according to the press, the White House intends to consult with the Congress. That is an excellent idea and one that has barely begun. But as these consultations are conducted, I hope the President will not merely argue the case for a colorless and essentially retrograde first move in START. I hope instead that he will lay out his own concept of where these talks should end up; of the role of strategic modernization in that outcome; the means to integrate modernization, arms control and verification; and the way that Congress can support such an overall strategy.

Only the President can provide that kind of leadership. A decision to wait and find out what the Congress will do on its own is an abdication of Presidential leadership. We need a clear statement of the kind which was forced in the conventional arms control area by the date of the Brussels summit meeting. There is no such summit meeting already set, already on the calendar between the President and the legislative branch of Government. If there were, perhaps it would serve to focus the efforts of his bureaucracy and give him the opportunity to clear away the self-contradictory proposals that have been emerging in the administration and give him the excuse for placing his own stamp on the outcome.

He will have to do that even without an onrushing summit meeting with the Congress. We need a clear statement, Mr. President, from President Bush about the strategic outcome he is seeking in Geneva and how our deliberations in the Congress of the United States can help the Nation reach that goal. It was a positive step for the Secretary of Defense to modify the proposals for funding Midgetman adequately, but that must be followed up by a statement from the President of the United States on strategic policy. Now is the time for the bold design that the President has promised us, and I hope that it will soon be forthcoming.

I thank the Chair.

Mr. McCAIN addressed the Chair.

The PRESIDENT pro tempore. The junior Senator from Arizona [Mr. McCAIN] is recognized for not to exceed 5 minutes.

(The remarks of Mr. MCCAIN pertaining to the introduction of S. 1203 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDENT pro tempore. The Senator from Arkansas [Mr. PRYOR] is recognized.

THE S&L BAILOUT

Mr. PRYOR. Mr. President, last month on the "Phil Donahue Show," Mr. Donahue and his audience were discussing the S&L crisis and how we should proceed with the so-called bailout legislation.

One of the people in the audience stood up and said that he did not believe that the taxpayer should pay for this bailout. On the other hand, he thought that the U.S. Government should pay for the bailout.

Of course, Mr. President, when the U.S. Government pays, that bill is ultimately sent to the American taxpayer. Today, the U.S. Government appears ready to spend $150 billion or more to clean up the mess in the savings and loan industry. The mess we will attempt to clean up was the result of incompetence, excesses, abuse and greed by S&L operators on a massive scale.

As Congress races to close the book on this tragic episode, I believe I may have found yet another problem involving the S&Ls that may need addressing. It also involves apparent incompetence, excesses and abuse. But this time, the culprits are not S&L operators. Instead, they are the very regulators whom we assigned to clean up the mess that the operators left behind.

Today I am releasing a report prepared at my request by the General Accounting Office about activities at the Federal Savings and Loan Insurance Corporation's receivership of FirstSouth Savings and Loan. FirstSouth is based in Little Rock, AR; it is a failed empire extending over a four-State area. The GAO will be referring this report to the Justice Department today for possible criminal investigation. At the same time, I am asking the GAO to expand its investigation to see if the concerns raised about FirstSouth should be raised industrywide.

First, the GAO questioned a contract granted by the receivership to a man who had just left the receivership. That contract was between the managing officer of the receivership and himself.

Only 1 day after that, he began filing those appeals. The GAO found that most of the work in preparing the appeals was done while the man was still a direct employee of the receivership. But once he became a private contractor, this man was able to skim a percentage of the appeals that he never would have collected at his old post. In one case alone, this individual was paid $69,000.

This was not just a boondoggle; it was an intolerable sweetheart deal. The GAO has now concluded that FSLIC regulations have been violated and it feels criminal violations may also have occurred.

Second, the GAO report, which I will release and place in the RECORD at the appropriate place, found that FirstSouth's receivership held an exclusive, employee-only auction on FirstSouth furnishings. Instead of liquidating this property in a way that benefited depositors who had already been ripped off, this auction allowed receivership employees only, in a private sale, to purchase these furnishings at fire-sale prices.

In one case, eight oriental rugs with a book value of about $15,000 were sold along with two other rugs for roughly $2,250. In another case, two video camera systems with book values of about $740 each were sold for a combined total of $180.

Mr. President, this was not the general public. These were the receivers who were supposed to act in a fiduciary capacity to protect the receivership and ultimately the taxpayers.

The GAO says that, in the case of the auctions, controls over receivership property were ineffective. I call it greed. And through greed, we see those who are put in a position of protecting the assets of the receivership instead choosing to look after themselves to the ultimate detriment of the American taxpayers.

The two incidents I have listed would gall me sufficiently on their own. But I was disturbed even further to find that the FSLIC's own watchdogs had stared these travesties in the face and remained silent.

The GAO also found that the FSLIC's inspector general had learned of both of these incidents through calls on their whistleblower hotline. The GAO also found that the inspector general's own work papers pointed to definite policy violations and possible criminal violations. But despite all of this, what do you think the inspector general's office concluded about all of this? Believe it or not, it found no wrongdoing had taken place. Clearly, this incident leaves me with serious questions about the quality of the inspector general's investigation.

One explanation we are given for this is that no violations occurred because employees at the FirstSouth receivership are not considered Federal employees, which means they are private contractors. That means they are not subject to conflict of interest statutes which otherwise would have prevented both transactions.

If that is the case, there is something wrong here. When the Federal Government places an S&L in receivership, taxpayers and depositors are placing their ultimate trust in the Government. And when a receivership grants a former property manager a bloated contract, or when it auctions furnishings for far less than fair market value to its own employees, it is the Government—and ultimately taxpayers—who will have to make up the difference.

Mr. President, even under a new FSLIC plan to improve oversight and control of receiverships, only 50 employees out of 1,300 will be considered "Federal employees". With about 100 receiverships operating right now, that's less than one Federal employee per receivership.

Mr. President, on one hand we are trying to assure depositors and taxpayers across the country that they are safe and will be treated fairly during the current crisis. But with another hand, we are dangling a juicy carrot on a stick in front of those who have the power to plunge us further into the abyss from which we seek escape. We must end this inconsistency, and I will introduce legislation to do that once we know the full scope of the problems which we must address.

Mr. President, I ask unanimous consent that the full statement of the General Accounting Office, dated June 16, a letter to me, and the following report be placed at the appropriate place in the RECORD.

There being no objection, the documents were ordered to be printed in the RECORD, as follows:

FAILED THRIFTS—ALLEGATIONS AT FIRSTSOUTH RECEIVERSHIP IN LITTLE ROCK, AR, JUNE 1989

GENERAL ACCOUNTING OFFICE,
Washington, DC, June 16, 1989.

Hon. DAVID PRYOR,
Chairman, Subcommittee on Federal Services, Post Office, and Civil Service, Committee on Governmental Affairs, U.S. Senate.

DEAR MR. CHAIRMAN: As agreed with the Subcommittee, we have made an assessment of four allegations of wrongdoing concerning the Federal Savings and Loan Insurance Corporation's (FSLIC) FirstSouth Receivership in Little Rock, Arkansas. These allegations are that: a former receivership employee improperly contracted with the receivership, an auction of receivership properties was restricted to employees only, the receivership gave an unsecured loan to a borrower who was in default on existing loans, and the receivership contracted with a borrower who had defaulted on existing loans.

Our objectives were to review the four allegations to determine whether improprieties occurred. However, as requested, we limited our work to some extent to meet the Subcommittee's time constraints. The appendix contains a detailed analysis of the allegations and more information concerning our objectives, scope, and methodology.

RESULTS IN BRIEF

The Managing Officer in charge of FirstSouth Receivership and a former employee did sign a contract that included work the former employee was responsible for while he was employed at the receivership. In ad-

dition, the receivership did hold a property auction that was limited to receivership employees. The contract and the auction were both improper, and federal criminal statutes may have been violated. After we discussed our findings with the Federal Home Loan Bank Board (FHLBB) and FSLIC officials, the Managing Officer was suspended pending FSLIC's further review.

The loan that was alleged to have been unsecured was secured by an escrow account; however, time did not permit us to fully evaluate all the circumstances surrounding the loan transaction. As to the fourth allegation, the receivership did do business with a debtor in default on loans, but we found no laws, regulations, or FHLBB policies that were violated.

FEDERAL MANAGEMENT OF FIRSTSOUTH RECEIVERSHIP

FirstSouth was a federally insured savings and loan association with its main office in Pine Bluff, Arkansas, and 35 branch offices located within the state. It was put into receivership on December 4, 1986, with assets of $1.68 billion. FHLBB documentation shows it closed FirstSouth because it was insolvent, had substantially dissipated its assets and earnings, and was in an unsafe and unsound condition to transact business.

FHLBB, an independent federal regulatory agency, is responsible for regulating and supervising the savings and loan industry and overseeing the operations of its various organizations, including the 12 Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, and FSLIC. FSLIC, a government corporation, insures savings accounts to a maximum of $100,000. The FHLBB also appoints FSLIC as receiver, a separate and distinct legal entity, for the purposes of liquidating a failed institution. Once the FHLBB decides to close a savings and loan and appoints FSLIC as receiver, FSLIC's duties as receiver include taking legal and physical possession, collecting obligations due, disposing of assets, and settling claims against the savings and loan association. As of April 30, 1989, there were 99 operating receiverships with total assets of $8.6 billion.

The Federal Asset Disposition Association (FADA), a wholly-owned subsidiary of FSLIC, was created by the FHLBB to assist FSLIC in managing and disposing of receivership assets. FSLIC often contracts with FADA for receivership asset management and did so for the FirstSouth Receivership. FSLIC also sometimes hires former employees of an association to remain on as receivership employees. For example, at FirstSouth, the Property Manager was a former association employee. The receivership's Managing Officer, however, was a former FHLBB employee.

CONSULTANT CONTRACT WITH A FORMER EMPLOYEE

In June 1988, FirstSouth's Managing Officer and the former Property Manager signed a contract under which the latter was to appeal 1988 property taxes on 26 properties that were in the receivership's asset portfolio. He was to be paid by the receivership on a percentage commission basis. As of early April 1989, receivership records showed one payment of about $69,000 had been made to the former Property Manager for contract work on 1 property, and billings of approximately $127,000 had been made on another 12 properties. The Managing Officer exceeded the monetary limitation on her authority in entering into this contract. Moreover, some of the work billed under the contract was done while the Property Manager was still an employee of the receivership.

Appeals on property taxes apparently had been completed on at least two properties covered under the contract and had begun on at least three others before the former Property Manager resigned. Yet, bills were submitted for work on these properties, and one payment of about $69,000 was made. Receivership employees who examined the contract arrangement said they believed that much of the work billed for had in fact been done by receivership employees, and they were not willing to approve any more payments.

We believe the circumstances concerning the contract and the payment for work done while the Property Manager was employed by the receivership constitute possible violations of criminal statutes.

EMPLOYEE-ONLY AUCTION

The receivership held a property auction in March 1988 that was open only to employees. This violated a July 1986 FSLIC policy because the property had not first been offered for public sale for a reasonable period of time. In addition, contrary to FSLIC requirements, we found no evidence that fair market value had been determined for the property. Although the market value of the property was unavailable, the cost data for some of the items sold suggest that they may have been sold for substantially less than their value. We could not verify whether the Managing Office acquired a number of expensive items or arranged for other employees to bid on her behalf or refrain from bidding on certain items, as alleged. In our opinion, the auction, in addition to violating FSLIC policy, may have violated criminal statutes.

Receivership employee standards of conduct issued May 11, 1989, now preclude employees from acquiring receivership assets.

ADDITIONAL LOAN AND CONTRACTING WITH DEBTORS IN DEFAULT

We found that a loan was made to a debtor in default, as alleged. However, the loan was secured by an escrow account, contrary to the allegation that it was not. According to FSLIC officials, the additional loan was made in order to minimize the receivership's losses on the borrower's other outstanding loans in default.

Also, as alleged, the receivership was obtaining insurance from a debtor in default, but we found no law, regulation, or policy that precluded this. FSLIC officials agree that a policy covering such situations would be desirable.

OFFICE OF INSPECTOR GENERAL INVESTIGATIONS

The Bank Board's Office of Inspector General (OIG) had also received allegations concerning the contract with a former employee, the auction, and the loan to a borrower in default. It did not investigate the employee-only auction because, on the basis of discussions with the Bank Board's Office of General Counsel (OGC) and other officials, it did not believe any laws, regulations, or policies had been violated. FSLIC adopted a new policy on asset disposal after the OIG brought the employee-only auction to its attention. Also, the OIG plans to audit controls over receiverships' property disposition in the future.

The OIG investigated with the former Property Manager but closed the investigation because, on the basis of discussions with the Bank Board's OGC and documents it reviewed, it did not believe federal conflict of interest statutes applied since receivership employees were not federal employees. Because FSLIC does not appoint receivership employees as federal employees, they are not subject to criminal conflict of interest statutes. In our opinion, however, they are subject to other criminal statutes. The OIG is currently investigating the allegation concerning the unsecured loan to the borrower in default.

RECEIVERSHIP EMPLOYEES WHO PERFORM FEDERAL FUNCTIONS SHOULD BE APPOINTED AS FEDERAL EMPLOYEES

The Bank Board has in the past chosen not to appoint any receivership employees as federal employees under federal law and civil service regulations. We believe that all receivership employees who perform federal functions under the direct supervision of federal officials should be appointed as federal employees. In our view, FSLIC's failure to appoint them as federal employees constitutes a circumvention of federal civil service laws and regulations.

As a general rule, a federal agency may not obtain personal services on a contractual basis but must have such services performed by personnel employed in accordance with the civil service classification laws. Application of this rule hinges on the existence of an employee-employer relationship. It is clear to us that such a relationship exists in the case of some receivership employees.

Although the agreements between the employees and FSLIC as receiver contain a statement that they are not federal employees, the degree of control and supervision by FSLIC is much broader than usually exercised in an agency-independent contractor arrangement. In particular, the Managing Officer, who heads the receivership's operations, appears to be subject to close supervision by FSLIC federal employees and must obtain prior approval from FHLBB or FSLIC before performing various duties. We also noted that the Managing Officer's performance appraisal was signed by the FSLIC Regional Director.

Other receivership employees also seem to be subject to substantial FSLIC control. For example, they can be reassigned and transferred by FSLIC to work at other receiverships. Their initial salaries are determined by FSLIC on the basis of a general proposed range of salaries for the particular positions they hold. We also noted that certain receivership employee performance awards are subject to FSLIC approval. These are just some of the indications that some receivership employees are subject to government supervision and appear to be acting as federal employees. Given this, such receivership employees should be federal employees and, therefore, subject to the laws and regulations applicable to federal employees.

FSLIC officials told us that they have been restructuring receivership operations to move a number of responsibilities to FSLIC regional offices and place responsibility for key operations under regional federal officials' control. According to FSLIC, about 50 of the approximately 1,300 employees involved in receivership activities will be appointed as federal employees under FSLIC's current restructuring plan.

CONCLUSIONS

In our opinion, the contract signed by the Managing Officer and the former Property Manager was not valid because the Managing Officer did not have the authority to enter into such a contract.

We do not believe the former Property Manager should have been paid for any

work that was performed while he was employed by the receivership. Additional billings, in our opinion, should not be paid until it can be shown that the work was not done while he was employed by the receivership and there is clear evidence of a benefit to the receivership.

The lack of fair market price determinations to support the seemingly low prices for some items sold at the auction indicates to us that maximum return on receivership properties sold may not have been obtained.

The award of the contract to the former Property Manager and the holding of the employee-only auction were indicative of overall weaknesses in controls, in effect at the time, for approving contracts awarded by receiverships and disposing of assets. Given the number of receiverships now under FHLBB's control, it is important that the Board ensure that the necessary controls are in place and functioning to prevent similar occurrences in the future. Time constraints did not permit us to evaluate recent changes in policy and operations that FSLIC officials believe strengthen controls over contracting and property.

The evidence we gathered concerning the contract and the payment for work done while the Property Manager was employed with the receivership, and the auction, suggests that certain criminal statutes may have been violated.

Since FSLIC does not appoint most receivership employees as federal employees, criminal conflict of interest statutes do not apply to them. We think some of the employees should be federal employees and therefore subject to these statutes.

Lastly, a FSLIC policy on receiverships doing business with debtors in default would be useful to determine under what circumstances doing business with a debtor in default would be appropriate.

RECOMMENDATIONS TO THE CHAIRMAN, FEDERAL HOME LOAN BANK BOARD

We recommend that the Chairman instruct the Executive Director, FSLIC, to

Appoint as federal employees those receivership employees who carry out federal functions under direct federal supervision;

Make no further payments to the former FirstSouth Receivership Property Manager for any work billed absent additional information that the work was not substantially completed while he was employed by the receivership and absent clear evidence of a benefit to the receivership;

Take action to recover funds paid to the former FirstSouth Receivership Property Manager under the invalid contract for work he did or for which he was responsible as a receivership employee;

Take action to recover the property disposed of inappropriately at the employee auction; and

Adopt a policy on the circumstances and conditions under which receiverships can and cannot do business with debtors in default.

AGENCY VIEWS

As requested by the Subcommittee, we did not obtain written comments from FHLBB. We did, however, discuss the factual content of our report with FHLBB, FSLIC, and OIG officials who generally agreed with the facts presented. They also generally agreed with the recommendations we are making to FHLBB and said they have decided not to make further payments to the former Property Manager. They also said they would look into recovering the payment already made to him and recovering the property inappropriately disposed of at the auction and would consider appointing more employees involved in receivership activities as federal employees. They provided us with additional views and information, which we incorporated in the report as appropriate.

FSLIC told us that since mid-1987, FSLIC has recognized problems with receivership operations and has taken steps to gain management control of its receivership operations and to increase their efficiency, accountability, and responsiveness. These steps include appointment of a Deputy Executive Director for Asset Management and Liquidation, a reorganization of regional operations, and creation of 42 senior management positions in the regional offices to ensure more federal control over the receiverships. FHLBB and FSLIC officials added that receivership employee standards of conduct, issued May 11, 1989, make receivership employees subject to the same standards of conduct established for all federal employees. While we think this is a positive step, it is not a substitute for appointing as federal employees those employees who perform federal functions.

As arranged with the Subcommittee, we plan no further distribution of this report until 5 days from the date of its issuance unless you publicly announce its contents earlier. At that time, we will send it to the Bank Board and other interested parties and make copies available to others upon request.

If you have any questions, please contact me on 275-5074.

Sincerely yours,

BERNARD L. UNGAR,
Director, Federal Human Resource Management Issues.

APPENDIX

DISCUSSION OF ALLEGATIONS AND ISSUES

ALLEGATION REGARDING A CONSULTANT CONTRACT WITH A FORMER EMPLOYEE

One of the allegations referred to us by the Subcommittee was that the Managing Officer of the FirstSouth receivership and the former Property Manager signed at two different times improper consulting contracts. It was further alleged that acting as a consultant, the former Property Manager, submitted, or had a receivership employee submit on his behalf, erroneous billings to the receivership for his services. On June 24, 1988, the FHLBB OIG received a hotline call regarding this allegation.

FirstSouth's Managing Officer and its former Property Manager signed a contract effective June 8, 1988, for the former Property Manager to attempt to obtain 1988 property tax reductions on real estate in which the receivership had an interest. Under the terms of the contract the former Property Manager's fee was to be 30 percent of any property tax reduction obtained. In our opinion, for reasons summarized below, the contract was improper, invalid, and a violation of FSLIC policy. In addition, the fee structure set forth in the contract does not appear to be reasonable, and billings and payment under the contract were either improper or questionable.

Propriety of the contract

In our opinion the June 8th contract signed by the Managing Officer and the former Property Manager was improper. The Managing Officer did not have the authority to enter into the contract without FSLIC approval. FSLIC approval was not obtained, and an earlier proposed contract signed by the Managing Officer and former Property Manager, including tax appeal and other property management work, was disapproved by FSLIC because the Property Manager would be acting more as an employee than a contractor.

The FirstSouth Property Manager, who had also been an employee of the association, was employed by the receivership from January 20, 1987, until he resigned on June 6, 1988. In this capacity, he was in charge of the receivership's property department with several Assistant Property Managers under his supervision. His duties included property tax statement analysis to determine accurate tax assessments and to appeal property taxes where they appeared to be too high. Also, he was responsible for soliciting and reviewing bids from, and recommending the selection of, property tax contractors. He obtained bids for the 1988 tax year in March 1988 and narrowed his recommendation to one contractor. However, after reviewing the bids from prospective contractors, he told us that it occurred to him to resign and bid for the work himself. This decision, he said, was also influenced by the changing nature of his receivership duties and the uncertain future of his job with the receivership because of the anticipated relocation of receivership operations.

In April 1988, the receivership's Managing Officer and the Property Manager, who was still employed with the receivership, signed a contract for the Property Manager to be a consultant, in his individual capacity, and to do property management and tax appeal work for the receivership. The Managing Officer said she had requested the former Property Manager to provide consulting services to the receivership until a suitable replacement could be found. The contract was submitted to FSLIC headquarters for approval by the Managing Officer, but it was not approved on the basis that the Property Manager would "be working more as an employee than as a consultant, eg, far too many hours and performing actual receivership duties normally performed by an employee."

On May 27, 1988, the Property Manager tendered his resignation effective June 6, 1988. After resigning he formed a corporation in the state of Arkansas. Then, the Managing Officer signed another contract with him on June 8, 1988, which he signed in a corporate rather than individual capacity, to appeal 1988 property taxes for 26 properties in the receivership's asset portfolio.

The June 8th contract to do tax appeal work which was one of the same types of work covered under the April proposal, was never approved beyond the level of the receivership. The contract was not submitted for approval initially because the receivership's Managing Officer said she believed that since this was a contract to obtain savings, it was not a contract involving expenditures. As such, she believed it was outside of FHLBB "Chairman's Order 613," which limited the Managing Officer's contracting authority to $20,000.

Under authority of the Chairman's order, in January 1986, the Director of FSLIC's Operations and Liquidation Division (OLD), without exception, limited a Managing Officer's contracting authority for general services, such as consulting, personal and professional-type services, to $20,000. Accordingly, we believe the order applies to all contracts, regardless of their nature. Therefore, we believe that the Managing Officer acted outside of her authority when she failed to forward the June 8th contract to the appro-

priate authority for approval. Because the Managing Officer did not have the authority to enter into such a contract, and because the contract was not approved at appropriate levels, it is our opinion that it was not a valid contract.

After concerns raised by the receivership Controller were addressed to FSLIC's regional office in June of 1988 and, ultimately, to FSLIC headquarters, the Director, OLD, ordered the receivership's Managing Officer on October 17, 1988, to terminate the contract in order to avoid even the appearance of compromised standards and to determine the fees owed.

Contract fee structure did not appear reasonable

The fee structure called for under the contract between the receivership and the former Property Manager was unreasonable because there was no ceiling on the amount the former Property Manager could earn, and substantially lower bids for the work had been provided to the receivership.

The purpose of the contract was to reduce the assessed values of, and taxes on, the properties in the receivership's portfolio. Under the terms of the June 8th contract, the contingency fee for these services was 30 percent of whatever tax savings the former Property Manager could obtain. The contract did not provide for a maximum fee per property as did five other bids received by FADA and provided to the receivership's Managing Officer and former Property Manager in March of 1988. For contingency fee contracts, the bids FADA obtained and provided to the receivership contained fees ranging from 25 percent to 50 percent of tax savings, with maximum fee ceilings ranging from $2,500 to $20,000 per property. FADA recommended that the receivership select a contractor whose bid was 25 percent of tax savings with a fee ceiling of $2,500 per property. Because there was no ceiling on fees per property, the former Property Manager's fee was substantially higher than these bids, which were rejected. For example, on one property, the former Property Manager was to receive a fee of almost $31,000. Under the contract proposal FADA recommended, however, the fee would not have exceeded $2,500.

According to the former Property Manager, the fee structure he proposed gave him the incentive to work for the highest possible reductions. We believe, however, the fee structure under the former Property Manager's contract was too high and was not necessary to acquire services desired. We also found that the Managing Officer had signed at least one other contract for property tax appeals based on the same fee structure, 30 percent of all tax reductions achieved with no maximum fee per property.

Work for the receivership was done and billed for apparently without FSLIC approval of the contract.

Improper and questionable billings and payment

As of early April 1989, the receivership records showed billings under the contract totaling approximately $127,000 on 12 properties. One payment of about $69,000 to the contractor had been made for work on another single property. In our opinion, there was no evidence what the actual tax savings were to the receivership, and some of the work had been done while the Property Manager was an employee.

The detailed explanation is as follows:

For two properties included in the contract, tax appeal work was apparently completed before the Property Manager resigned and before the contract was signed. Bills for these two properties were withdrawn by the Assistant Property Manager when the Controller found that the appeals for these two properties included in the contract signed on June 8, 1988, were scheduled on June 1, 1988, 5 days before the former Property Manager's June 6, 1988, resignation.

On at least three properties, it appears that the Property Manager, while employed with the receivership, arranged for taxes to be appealed on June 9, 1988, the day after his contract was signed and 3 days after his resignation became effective. Billings were submitted for appeal work to reduce taxes for these three properties, one of which resulted in the $69,000 payment to the former Property Manager. The Deputy Chief Appraiser in the county where these properties were located told us that the former Property Manager contracted him to set up an appointment to appeal the taxes for this property and two others in mid-May, after the district sent out appraisal notices dated May 11th.

The former Property Manager said he selected his resignation date to accommodate appeal dates. The former Property Manager, while an employee, was setting up appointments in mid-May for these three properties and apparently appealed the assessments near the date of his resignation. Thus, we conclude that he was influencing when appeals would officially take place and doing at least some work, while he was employed, on properties included in his contract for which he intended to claim fees as a contractor. After approving payment of about $69,000 to the former Property Manager, which he received in November 1988 for an appeal that was heard on June 9, 1988, the Managing Officer rejected another billing because an assessment reduction was dated June 9th, and the work was very likely done before his June 6th resignation. We believe the propriety of the $69,000 fee is also questionable, and grounds may exist for FSLIC to recover the fee paid to the former Property Manager.

As of early April 1989, the receivership had billings totaling approximately $127,000 on 12 properties. The receivership's Assistant Managing Officer and the Controller informed the Managing Officer that it was their belief that much of the work was done by receivership employees, and they were not willing to approve any of the disbursements. The Assistant Managing Officer added that appeal dates do not indicate when the preparatory work was done and that the appeal work was done by receivership employees under the former Property Manager's supervision. The Assistant Managing Officer stated that to pay a former department head under these circumstances was highly questionable and contrary to the way the receivership normally did business, and he recommended that the former Property Manager be paid only for expenses that could be properly documented. FSLIC officials told us they do not intend to pay the former Property Manager for these billings.

Billings submitted under the contract prior to February 1989 were not properly documented and in these cases where documentation was available, they were based on reductions in assessed property values and estimated, rather than actual, reductions in property taxes. For example, the basis for billing and payment for the property for which the contractor was paid $69,000 was savings based on estimated, not actual, tax rates.

FHLBB and FSLIC officials told us in June 1989 that the timing of their action on the termination of the contract with the former Property Manager was due to reorganization within FSLIC, personnel turnover, and the unavailability of contract information to appropriate officials. After our discussion with the officials, FSLIC suspended the Managing Officer at the First-South receivership for violations of FSLIC policies, instructions, and standards of conduct on the contract with the former Property Manager and the employee auction.

ALLEGATION REGARDING RECEIVERSHIP EMPLOYEES PURCHASING RECEIVERSHIP PROPERTY AT "BARGAIN" PRICES THROUGH "EMPLOYEE-ONLY" AUCTION

Another allegation the Subcommittee referred to us was that the receivership's Managing Officer organized and held an employee-only auction to dispose of expensive furnishings and obtained a high-value item from the failed FirstSouth savings and loan at a fraction of its original cost, as well as other items. It was also alleged that the Managing Officer requested other employees to assist her in bidding on selected items and made it clear that other employees were to refrain from bidding on the items she wanted. The OIG received a hotline call on June 24, 1988, regarding this allegation.

We were unable to substantiate allegations regarding the Managing Officer's acquisition of expensive items or her request for other employees to assist her in acquiring them. However, we found that an auction of certain receivership property, held on March 21, 1988, was limited to receivership employees and netted $7,453.50. Contrary to FSLIC policy and instructions contained in a July 7, 1986, memorandum to FSLIC Regional Directors, we found no evidence that fair market price had been established for the property, and the property had not been publicly offered for sale for a reasonable period of time prior to the auction.

Federal regulations require that an inventory of receivership property be provided by the receivership, as soon as practicable after FSLIC takeover of a failed institution, to both the Secretary to the Bank Board and FSLIC. The inventory was not available from these sources, and we were initially told that it was not available at the receivership. We asked for the inventory because we thought it might help us identify items auctioned. The inventory, showing fixed assets costing about $28 million with a book value (cost less depreciation) of approximately $22 million, was subsequently obtained from the receivership and provided to us. On the basis of our review of the inventory and the list of items auctioned, it appears that some items may have been sold for significantly less than they were worth.

The announcement for the March 21, 1988, auction listed such items as lamps, pictures, rugs, and miscellaneous items to be sold to the highest bidder. A handwritten list of items sold at the auction, provided to us by the receivership, does not show the original price paid by FirstSouth, a current appraised value, book value, or any other information from which we could reasonably estimate market values of the items sold.

We compared the takeover inventory with the list of auctioned items, but we were unable to match most of the items because the list of auctioned items did not include unique serial numbers or other specifically identifying information. No effort was made

to describe items on the auction list as they appeared on the takeover list.

We did find, however, two cases where items on the inventory appeared to match those on the auction list. In one case, the takeover inventory lists a category of eight rugs, most of which appeared to be Oriental, purchased by the institution during 1984 and 1985 for $19,479.95 with a book value of $14,796.32. From the auction list it appears that all eight of the rugs, plus two we could not identify, were auctioned for a total of $2,245. In another case, two camera systems were auctioned for $105 and $75. The takeover inventory shows eight such items costing a total of $10,500, or $1,312.50 each, based on our calculations, with a book value of about $740 each.

In response to our question regarding the allegation that the Managing Officer preselected items for herself and had other employees bid on them, she said there was no substance to the allegation. She said she had only purchased a couple of pictures and a small table for a total cost of about $100. Our review of the auction's cash receipts register showed her purchases totaled $120. However, because we could not continue our work long enough to determine whether the Managing Officer enlisted the services of other employees, we could neither refute nor support her claim.

An examination of the two examples and the two lists, plus the fact that receivership staff responsible for liquidating the inventory apparently did not provide it to appropriate FHLBB and FSLIC officials, contrary to federal regulations, indicates that previous controls over relationship property were not effective. Further, in the absence of appraisals or other outside estimates supporting the seemingly low prices for the two examples shown above, the Managing Officer failed to follow FHLBB policy and may have failed her fiduciary duty to obtain the maximum return to the receivership. FSLIC officials told us that the restructuring of their regional operations and a new policy and new procedures they have adopted strengthen controls considerably. FSLIC policy now prohibits employees from purchasing any receivership assets. Also, FSLIC officials said they were exploring the possibility of recovering the property inappropriately auctioned.

UNSECURED LOAN TO A DEBTOR IN DEFAULT

While we were working at the FirstSouth Receivership, an allegation was made to us that FSLIC breached its fiduciary responsibility by directing the receivership to grant an unsecured loan for $200,000 to pay attorneys' fees for services related to the sale of a major property owned by a debtor in default. A law firm in Little Rock was to be paid $142,000, and a law firm in Fairfax, Va., was to be paid $58,000. The same debtor, through the same attorneys, was seeking approval from FSLIC to reduce his total debt to the receivership from $37 million to $29 million.

Problems with this debtor existed when FirstSouth was an operating savings and loan. Documents obtained from the Federal Home Loan Bank of Dallas listed this debtor as one of the principal stockholders of the savings and loan who obtained loans in excess of the amounts permitted under 12 C.F.R. 563.9-3, "Excessive Loans to One Borrower," and the bank examiners considered the loans unsafe and unsound.

We found that FSLIC officially approved the $200,000 loan at the national level after the legal services had been rendered and after the property, in which the receiver had an interest, had been sold. According to the minutes of the meeting of the FSLIC Committee that approved the loan, repayment of the $200,000 was to become part of the overall negotiations that involved the $8 million debt reduction on loans the borrower in default owed the receiver. The minutes did not state a justification for the loan or the reason for including it in the overall negotiations with the debtor, nor did the minutes indicate whether or not the loan was secured. FSLIC officials told us that minutes do not normally include justifications for loans.

In June 1989, a FSLIC official said the loan was approved unofficially before settlement on the property and that the sale of the property would not have gone through unless the loan were made because net proceeds from the sale were insufficient to pay the debtor's attorneys. According to FSLIC officials, the loan was made to minimize the receivership's losses against the borrower on other loans, many of which were in default. Further, documents provided to us by FSLIC showed that the loan was secured by a $1 million escrow account established to pay off any creditors of the property.

Because of time constraints, we were unable to fully evaluate the propriety of the loan and its criticality to settlement on the property and the ultimate benefit to FSLIC. Negotiations with the debtor on his total debt to the receiver were still in process as of June 1989. FHLBB's OIG had received an anonymous call regarding this situation and has an investigation in process.

ALLEGATION CONCERNING THE PURCHASE OF INSURANCE FROM A CONTRACTOR IN DEFAULT TO THE RECEIVERSHIP

The Subcommittee requested that we look into an allegation from an anonymous source that a debtor, while in default, contracted to sell insurance to the receivership. According to the allegation, the debtor, a personal friend of two receivership employees, received premium payments for 2 years while negotiating to write off his debt.

Termination of our work at FirstSouth precluded us from fully evaluating this allegation. However, vendor files show that between December 30, 1986, and March 24, 1989, the receivership disbursed $535,845.50 for premium payments to the contractor who insured the receivership's property and the property of FirstSouth when it was an operating savings and loan. Documentation showed the contractor's debts to the receivership totalled $2,570,903 on February 1, 1989, with only one loan with a balance of $61,541 not in default. The remaining loans had apparently been in default since FSLIC's takeover of FirstSouth. A plan prepared by the receivership and approved by FSLIC's Eastern Regional Office in February 1989 outlined a settlement between $960,000 and the contractor's offer of $810,000. Not included in the settlement was $98,334 to be pursued against a second guarantor on that specific loan.

According to the receivership's Managing Officer, the recommended settlement, while probably not a good one, was the best that could be obtained. The Managing Officer did not believe that doing business with a debtor was unusual, since selection of the contractor was based on competitive bids. The Managing Officer also said that one of two employees whose duty was to evaluate bids and recommend an insurance contractor was a personal friend of the debtor.

We were unable to review the selection process. Documentation provided to us by FSLIC in June 1989 showed that bids were obtained, but it was inconclusive as to whether the contract was approved at appropriate levels. Neither were we able to obtain details of the final settlement with the contractor or find any laws, regulations, or policies prohibiting a receivership from contracting with a debtor in default. We discussed this issue with FSLIC officials who agreed that a policy covering such situations would be desirable.

THE FHLBB/OIG INVESTIGATIONS OF ALLEGATIONS OF IMPROPRIETIES AT RECEIVERSHIPS

The FHLBB's OIG is responsible for doing investigations at FSLIC receiverships. In fiscal year 1988, the Inspector General started 4 investigations into receiverships, and in fiscal year 1989 (as of May 22, 1989) started an additional 18 investigations. The allegations included mismanagement of receivership property, theft of government funds and property, conflict of interest, preferential treatment, unauthorized use of position, fraudulent conduct, and disclosure of confidential information.

The outcome of many of these investigations is still not known. One of the four cases in fiscal year 1988 was referred to an Assistant U.S. Attorney for possible further action, and the remaining three were referred to other units within the Board. As of May 22, 1989, 13 of the 18 cases started in fiscal year 1989 were still under investigation or review, 4 were closed with no violations found, and 1 had been referred to the Federal Bureau of Investigation and the U.S. Secret Service.

Investigation of allegations of improprieties at FirstSouth

On June 24, 1988, the OIG received hotline allegations from an unidentified source regarding the employee-only auction at FirstSouth, the attempts by the FirstSouth Managing Officer and former Property Manager to enter into improper consulting contracts, and the submission by the contractor of erroneous billings. The OIG declined to investigate the auction because, on the basis of discussions with Bank Board OGC and other officials, the OIG determined that no laws, regulations, or policies would have been violated since receivership employees are not federal employees. The OIG did investigate the alleged improper contract and erroneous billings. But, according to its January 12, 1989, report, the OIG was unable to identify any laws that "would have been violated" as described in the anonymous allegations because, as with the auction, receivership employees are not federal employees. The OIG consulted with the FHLBB's OGC during the course of its investigation prior to issuing its report. As previously discussed, the OIG has an ongoing investigation of circumstances surrounding a loan to a debtor in default to the receivership.

On January 12, 1989, the OIG issued a report regarding allegations involving FirstSouth Receivership staff, which stated that the first contract was proposed to the former Property Manager by the Managing Office but disapproved by FSLIC. The OIG report further stated that the Managing Officer and the former Property Manager did enter into a second contract after the first one was disapproved whereby the former Property Manager was to receive 30 percent of all tax reductions as his fee.

The report also stated that the OIG could not determine whether the former Property Manager had submitted a bill to the receivership for work on two properties that was accomplished in March 1988 while he was

still employed by the receivership. Inconsistent statements from the Assistant Property Manager, the Managing Officer, and the former Property Manager as to whether the former Property Manager or the Assistant Property Manager submitted the billings prevented this determination, according to the report.

The OIG declined to investigate the auction because, according to the OIG documents, the Director of OLD told OIG staff that policies and procedures do not prohibit this practice, and since receivership employees were not federal employees, no laws or regulations would have been violated by such actions. The OIG further stated it would be difficult to determine the fair market value of the items and the loss to the government. According to OIG documentation of a meeting between OIG and FHLBB OGC officials, OGC officials said it is unclear whether there is anything improper with limiting access to an auction of the receivership's assets to employees. According to OIG documentation of the meeting, OGC officials further said it might be considered a breach of the Managing Officer's fiduciary duty if the assets were sold at significantly less than their fair market value, but the officials said this is a judgment call.

When we met with an OGC official who attended the meeting between OGC and OIG officials, he confirmed what was said at the meeting. During a meeting in June with FHLBB officials to discuss the facts presented in this report, the OGC official said that the auction was clearly improper, and he had been under the impression that the auction was to be a public auction. As discussed previously, FSLIC policy contained in a memorandum in FSLIC Regional Directors prohibited the sale of property to receivership employees unless a fair market price had been established and the property had been first offered for sale publicly for a reasonable period of time.

After consultation with the FHLBB OGC and review of available documentation, the OIG was unable to identify any laws that would have been violated as a result of the circumstances described in the allegations and requested that OGC review its report for violations of the agency's standards of conduct. OGC stated that because receivership employees are not FSLIC employees, they are not subject to the conduct standards mandated for FSLIC staff. The OIG, therefore, closed its investigation into these allegations.

The OIG's report on, and/or workpapers for, its FirstSouth investigation contained sufficient information to show us that the contract was improper, the billings and payment under the contract were improper or questionable, and an employee-only auction took place. On the basis of our review of the OIG's report and its workpapers, we believe the contract billings and the auction may have violated criminal statutes. We could not determine whether or not sufficient documentation was provided to, or requested by, the FHLBB's OGC for it to determine that violations of criminal statutes may have occurred.

In June 1989, an OIG official explained to us that, generally, investigations are not initiated unless laws or regulations appear to have been violated, and based on OIG discussions with OGC officials, no laws or regulations were violated. The OIG official explained that at the time of the OIG review, it appeared that the indications of problems were more appropriate for audit rather than investigation, and plans were underway to audit controls over receivership property. Investigation reports, the official explained, do not contain recommendations for corrective actions. Time constraints did not permit us to fully evaluate the OIG's involvement in the FirstSouth allegations.

OBJECTIVES, SCOPE, AND METHODOLOGY

As agreed with the Subcommittee, we assessed 3 of 16 allegations of wrongdoing the Subcommittee referred to us concerning FSLIC's FirstSouth Receivership in Little Rock, Arkansas, and 1 allegation we received while working at the receivership.

Our objectives were to review the four allegations discussed above to determine whether improprieties occurred. We could not fully explore all aspects of the allegations because of the Subcommittee's time constraints. We did our work at the FHLBB and FSLIC headquarters in Washington, DC., and at the FirstSouth Receivership in Little Rock, Arkansas. To determine whether the OIG had addressed the allegations we received, or similar allegations, we reviewed the OIG's files on investigations done at receiverships, including FirstSouth. Because the status of receivership employees as nonfederal employees had an impact on the results of the OIG's investigation, we also addressed the issue of whether receivership employees should be appointed as federal employees.

In reviewing each allegation, we interviewed current and/or former FirstSouth Receivership employees, including the Managing Officer and former Property Manager, and reviewed records at the receivership. We interviewed FHLBB and FSLIC officials to obtain information on the operations of receiverships in general, and specifically FirstSouth. We also reviewed applicable laws, regulations, and internal orders and procedures. Our work was done between March and June 1989, in accordance with generally accepted government auditing standards.

Mr. PRYOR. Mr. President, in conclusion I thank the General Accounting Office for their very prompt and efficient reply to my request to look into these two particular matters that I am bringing to the attention of the Senate at this time.

VISIT OF PRIME MINISTER BRIAN MULRONEY OF CANADA

Mr. KENNEDY. Mr. President, last month I had the honor of welcoming Prime Minister Brian Mulroney of Canada to President Kennedy's Library in Boston. My family and I were especially touched by the Prime Minister's warm words about the influence of President Kennedy on his decision to enter public service.

I believe that Prime Minister Mulroney's remarks will be of interest to all of us in Congress, and I ask unanimous consent that they may be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

NOTES FOR AN ADDRESS BY THE RIGHT HONOURABLE BRIAN MULRONEY, PRIME MINISTER OF CANADA, JOHN F. KENNEDY PRESIDENTIAL LIBRARY, BOSTON, MA, MAY 3, 1989

I can remember clearly the first time I heard Senator John F. Kennedy.

And I can remember, transfixed, precisely the moment of his death.

My experience was not unique.

It could be repeated today by millions of young men and women around the world.

What was it then about this young leader that so captivated us all; what was the special quality about President Kennedy whose memory, even today, evokes images of joy and gentle humour, of principled leadership and burdens being shared—and whose call for excellence in government struck responsive chords in the hearts of an entire generation, from social democrats in India to Progessive Conservatives in Canada.

I thought initially my delight in his success was vicarious in nature.

After all, who could blame a teen-aged Irish Catholic from Canada, whose parents were named Mulroneys and O'Shea, for a feeling of enormous pleasure at the remarkable achievements of a graceful young Senator, whose parents were Kennedys and Fitzgeralds.

I used to muse that perhaps they had all been friends one day long ago or that they had known each other in the old country, before dreams actually came true on a continent far away.

There must have been a connection, if only a sentimental one, to explain the strong, almost tribal admiration I felt for a leader I had never met.

His election to the Presidency of this great Republic was, for me, remarkable in its impact.

It was, I believed, the culmination of a political initiative highlighted by great daring and uncommon skill.

The prophet Joel has said that "young men have visions and old men dream dreams".

By capturing the Presidency, John Kennedy did more than define a vision for his country.

He produced a rare moment in the life of America, quite unlike anything the Nation had seen before.

For an inexperienced Canadian observer of declared bias, it appeared to be a time of high excitement, and indelible memories.

There were setbacks and moments of great sadness but somehow they never gained the advantage over the image of a leader who shouldered the blame himself and who urged his nation on to more noble accomplishments.

The elegant words and the compelling images roll past, in my mind's eye, even today.

Especially today.

President Kennedy's obvious concern for the disadvantaged in Appalachia; a visceral commitment to civil rights and the dignity of man; a modern view of the world, combined with moderation in the deployment of American might, an unshakeable resolve at times of grave international crisis; a White House that seemed to glow with the sparkle of children's laughter—these are, for me, cameos of a man and his Presidency, which acquire added luster with the passage of time.

There have been outstanding world leaders in every generation.

In my judgment, what set President Kennedy apart was the vigor of his leadership combined with the moving eloquence he used to fashion it, it was the instinctive empathy one felt for a young leader and his beautiful family, who represented much of the hope one has for his own; and it was the poignant summons to high achievement when it all began and the overpowering sorrow with which it came to an end.

James MacGregor Burns has written of the "transforming" leader who "raises the level of human conduct, . . . who responds to fundamental . . . hopes and expectations and who may transcend . . . the political system rather than simply operate within it."

President Kennedy was able to do precisely that.

He was able to alter history and the great sweep of human events.

He was able to provide leadership that has transcended national boundaries and international ideologies.

He was able to touch the elderly and inspire the young.

Few leaders in history, in a brief lifeitme, have achieved so much.

La vie du Président Kennedy, qui a servi de modèle à toute une génération, continue encore aujourd'hui d'inspirer la jeunesse engagée, ici et à travers le monde.

C'est la preuvel la plus éclatante des dons exceptionnels de ce jeune homme que la mort a fauché en pleine gloire.

Ted Sorensen has written that "virtually every politician is willing at the slightest invitation to describe the qualities required for a great political leader; and inevitably they bear a remarkably striking resemblance to the very qualities he possesses himself."

I think however that most of us are ready to draw the line somewhere.

Advancing age and the scars of election battles eventually take their toll on all of us and unduce either realism or modesty and sometimes a combination of both.

In fact, neither virtue is needed to remind any practising politician worth his salt of the uniqueness of the legacy of John F. Kennedy.

Speaking at a White House dinner last year, I pointed out that:

"Every leader of a democracy knows the turbulence and the challenge that free societies exemplify."

"Every leader knows the joys of high accomplishment and the sadness of hopes unfulfilled".

"But history is usually generous to those who showed leadership, who brought prosperity, who strengthened freedom and who kept the global peace."

President Kennedy, has for all times, joined the ranks of world leaders who have done these things, acquiring in the process the elusive mantle of greatness.

I am here today, as Prime Minister of Canada, a nation whose relationship with the United States of America was described by Winston Churchill a half century ago as "an example to every country, and a pattern for the future of the world."

But I am here today as well as an individual whose life was touched and whose career was influenced by President Kennedy—a happy, human man who exemplified not perfection, but purpose—and who brought to the notion of public service a sense of excitement, and a degree of nobility, rarely equalled in the records of time.

All who new President Kennedy—and those who did not—celebrate today his genuine achievements, as we salute his special talents that made it all possible.

Long after critics grow mute, the accomplishments of this gifted young man from Massachusetts will continue to grow, as history grants them both perspective and permanence.

I am honoured to be in your company today, to add, on behalf of all Canadians, words of recollection and admiration for John Fitzgerald Kennedy.

As long as freedom flourishes and flowers grow, he will be remembered with affection.

TERRY ANDERSON

Mr. MOYNIHAN. Mr. President, I rise to remind and inform my colleagues that today marks the 1,557th day of Terry Anderson's captivity in Beirut.

A brief report appeared in Newsweek on May 16, 1988, and queried, "Now, What About the American Hostages?" I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NOW, WHAT ABOUT THE AMERICAN HOSTAGES?

(By Russell Watson)

Life in captivity alternated between fear and boredom. When the hostages weren't being beaten or humiliated, they rotted in their cells. One former prisoner, Marcel Fontaine, said he "passed the time by playing dominoes and chess with my cell mate." Asked who that was, he replied: "the American, Terry Anderson." The stories told by the three French hostages who were released last week shed some new light on the conditions in which nine Americans and a half-dozen other foreigners are still being held by pro-Iranian terrorists in Lebanon. But whether the freeing of the Frenchmen sets any hopeful precedent for release of the American hostages remains very much in doubt.

Anderson, 40, is the journalist who was kidnapped in March 1985 and has been held the longest. The sister of one former captive, Jean-Paul Kauffmann, told a reporter that the Americans were "maltreated" after trying to escape. She said Kauffmann had shared a cell with American Frank Herbert Reed, who was "left prostrate" by a beating. Later, Kauffmann disavowed his sister's story, apparently out of concern for the safety of the Americans.

NO REWARD

Their ordeal appears to be far from over. The Reagan administration, burned by the Iran-contra scandal, flatly refuses to negotiate for their freedom, arguing that Iran should not be rewarded for trading in human lives. That leaves some hostage relatives feeling abandoned. "It's easy to talk about foreign policy and stopping terrorism," Peggy Say, Anderson's sister, said on ABC's "Nightline." "But this is my brother that's being held. These are other American citizens. And I have to ask for them, don't they deserve better than being sacrificed to future long-term foreign policy in the Middle East?"

But even if Washington wanted to make a deal, the Iranians might refuse. "It's not at all clear Iran wants to improve relations with the U.S.," says Brian Jenkins, a Rand Corp. expert on terrorism. "We remain the Great Satan . . . a convenient enemy." In an interview on PBS, Henry Kissinger said Washington should "organize a campaign against terrorism, as there was against piracy in the early 19th century." He said America should insist on the release of the hostages before it will even consider Iranian demands.

HIGH PROFILE

Kissinger thinks Iran may have its price, including the release of embargoed U.S. military equipment purchased by the deposed shah. But James Bill, an expert on Iran at the College of William and Mary, says that when regimes like Iran's are backed into a corner, they cannot be persuaded by "intimidation or confrontation." Instead, he says, Washington should reduce its "very high profile position in the Persian Gulf" and adopt a policy of "patience and creative diplomacy." The administration, however, is not about to soften its position. Any such change in the U.S. stance would require a reduction of tensions in the gulf—and won't even be considered until a new president has taken office.

DURENBERGER ACID RAIN SPEECH

Mr. MITCHELL. Mr. President, on June 12, 1989, the senior Senator from Minnesota gave a speech in Canada on an issue of great interest to that country and to me: acid rain. I am introducing his statement in the RECORD today because I believe it is a thoughtful discussion of acid rain issues that teach of us should consider.

I commend my colleague for his efforts in support of acid rain controls and look forward to working closely with him this Congress to enact acid rain legislation. After 8 long years, the time has come to pass a bill.

Mr. President, I ask unanimous consent that his statement be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS BY SENATOR DAVE DURENBERGER, CANADIAN COALITION ON ACID RAIN, TORONTO, CANADA, JUNE 12, 1989

During his campaign for the American presidency in the summer of last year, George Bush said:

"The time for study alone has now passed. We know enough to begin taking steps to limit future damage. As president, I will ask for a program to cut millions of tons of sulfur dioxide emissions . . . and to significantly reduce nitrogen oxide emissions as well."

Today, President Bush began to fulfill that promise by proposing specific revisions to the U.S. Clean Air Act that will accomplish the objectives he outlined.

It is an historic day for the relationship between our two Nations. It is in part due to your diligent efforts and those of your Government that we Americans will enjoy cleaner air again. And so, we thank you.

But more important, this day begins the end of the long invasion of air pollution from our industrial heartland that has despoiled your most precious natural resources. And so, we celebrate with you this promised truce which will end the scourge of acid rain.

EFFECTS OF ACID RAIN

The President was right to note that we have studied the problem thoroughly. We know the effects of acid rain all too well.

In the eastern United States about 11,000 lakes are highly vulnerable to acid damage. 3800 already have low pH levels and 1100 have been acidified. The effects on streams are even more severe. There more than 25,000 streams in the eastern U.S. that have been damaged with 3300 practically dead.

In Canada, of the 300,000 lakes that are vulnerable to acid rain, one-half are already damaged and 14,000 have been acidified to the point that they do not support fish populations.

Acid rain may also be having severe effects on our forests. In 1985 I traveled to West Germany, Sweden and Switzerland to talk with forest experts on the condition they call Waldsterben—forest death. I recall looking at Swiss mountains where the forest damage made a clear line at the elevation of normal cloud formations. Clouds saturated with acid rain.

I came home to find the same effects on Mt. Mitchell in North Carolina and Camel's Hump in Vermont. Complete death of the forest at the highest elevations. Sugar maple, red maple, yellow birch and beech are also showing signs of decline—most probably caused by air pollution—throughout New England and southern Canada.

In recent months, this debate has involved human health. The acid aerosols—the sulfates and nitrates—that are the precursors of acid rain may be drawn deep into the lung aggravating asthma and other bronchial diseases and making the lung more susceptible to infection. Studies in both the U.S. and Canada show hospital admissions rising significantly on days when the regional haze of sulfates and other pollutants is particularly severe.

You have all heard many times the toll of acid rain damage.

NEEDED REDUCTIONS IN SULFUR EMISSIONS

Based on the early evidence of these effects, the U.S. National Academy of Sciences issued a report in 1983 recommending a 50% reduction in sulfur dioxide emissions from the levels experienced in 1980 over the eastern half of the North American continent. NAS concluded that reductions of this magnitude were necessary to protect our most sensitive lakes and streams from further acidification.

There was a small group of senators and congressmen who took this report to heart. A 50% reduction has been our goal ever since. It is a proposition that remains our guiding principle today.

The Canadian Government came to that same conclusion after thorough study. Your nation is committed to a 50% reduction in the eastern provinces by 1994 and has sought a similar reduction in the transborder flows of acid precursors from the United States. Considering that 3.8 million tons of SO_2 moved across the border in 1980, a reduction and cap at about 2 million tons in the transborder flow has been the Canadian objective in the many conferences and discussions that have been held throughout this decade.

PRESIDENT BUSH'S ACID RAIN PROGRAM

The acid rain control program that President Bush proposed today will achieve a reduction of approximately ten millions of sulfur dioxide emissions—that is in the total emissions, not transboundary pollution—compared to levels experienced in 1980. It will also achieve some small reductions in the release of nitrogen oxides.

The program would be implemented in two phases. The first phase will be in place by 1995 and will eliminate five million tons of SO_2. One million tons of that has already been achieved. And the remaining four million tons will be accomplished by controlling our 20 largest electric utility powerplants.

In the second phase, with a target of the year 2000, a much larger group of powerplants and industrial boilers will be controlled achieving the second five million tons of reductions. This phase may be extended to 2003 for plants that need extra time to adopt innovative pollution control systems.

As expected, the President has included the option of emissions trading in his proposal. This is intended to reduce the cost of the program. It is a complicated notion, but has the potential to save a great deal of money. Let me give an example of how emissions trading might work.

Suppose we had just two powerplants both of which emit 100 tons of SO_2 per year. And also suppose that we ordered both of them to reduce their emissions to 50 tons. It may be the case, because of their location or coal markets or the design of the plants, that reductions would be much cheaper at one plant than at the other even though the reduction requirement is the same amount in tons.

Knowing that control costs are not the same per ton at each plant, we might save a great deal of money by reducing emissions at one of our hypothetical plants—the cheapest one—much more, to 30 tons, while controlling the other plant only modestly to 70 tons. We've achieved the same overall reduction, but by adjusting the assignments to each plant—not 50/50, but 30/70—and making the larger reduction where it's cheaper—we've reduced the overall cost.

Under this emissions trading proposal each plant will be assigned a limit on the number of tons of sulfur dioxide that it can emit each year. But a plant can be over its limit if it can be allowed from another who can afford to do more than its share of the reductions.

CAN IT MEET CANADA'S NEEDS

This is more than esoteric powerplant economics for Canada. Your concern is transborder flows of acidic compounds in the atmosphere. And emissions trading can have a significant impact on transborder flows.

Let us suppose that all of the plants that can be controlled cheaply are down in Florida and other southeastern states. And that all the plants that are expensive to control are up here in states near the Canadian border.

With emissions trading you could see the northern plants controlling less than average while paying the southern plants to control much more than the average. We would still get our overall ten million ton reduction, but the impact on transborder flows would not be substantial because most of the reductions would occur hundreds of miles from the U.S.-Canadian border.

In reality, it appears that the economics are just the reverse. The plants that are cheapest to control are those in the Ohio River Valley—up here near the border—which contribute the most to the transboundary pollution problem. They are in the region of the U.S. where high sulfur coal is mined. They have no scrubbers or other pollution control systems.

Because they are so very dirty and because they have made absolutely no effort to cleanup in the past, emissions reductions in this region are much less expensive than in other parts of the U.S. One can make a big difference with a small investment in the Ohio Valley.

Canada may be a major beneficiary to this emissions trading scheme that has been designed to reduce costs. First, the Ohio Valley plants will be required to install controls to get their share of the ten million ton reduction. And on top of that, some will be paid by other plants in other regions of the U.S. to make even greater reductions, because it can be done more cheaply in the Ohio Valley than elsewhere.

A 10 million ton reduction in SO_2 emissions is not 50% of our 1980 levels. It is about 40%. It is, thus, not equivalent to the program that Canada is already implementing. It is smaller than your effort. Nevertheless, transborder flows may be reduced by 50%, if this emissions trading option concentrates reductions near the border. And preliminary analysis of the President's program points in that direction.

OTHER CONCERNS

There is some irony in all of this for my home State of Minnesota. Some of the states recognized the acid rain problem long ago and implemented programs of their own to reduce emissions.

Minnesota is one of those states. We've already achieved a 50% reduction in our SO_2 emissions. We did so because of the Boundary Waters Canoe Area, a wilderness on our border that becomes Quetico on your side, with lakes very sensitive to acid deposition.

And we took the least cost strategy that I've described. We didn't control every plant. Some that were old and small were left uncontrolled, while emissions were reduced substantially at the big, new units where it was most cost effective. They are burning the lowest sulfur coal and are at the same time equipped with highly efficient scrubbers. Those new plants are squeaky clean.

But we apparently won't get credit for those efforts. Our old dirty plants will be assigned a tight emissions limit like every other plant in the country. And we won't be able to use the plants we've already cleaned up as a trade. A plant only gets credit for overcontrol under the President's program, if it's currently dirty. That means Minnesota will be buying emissions reductions from the Ohio Valley, too.

And there's the irony for my State. We have already accomplished the 50% reduction. We have a deposition standard in Minnesota that is 11 kilograms of wet sulphate per hectare, about half the Canadian standard. We've spent several hundred million dollars buying scrubbers and low sulfur coal. And now we will be required to buy air pollution credits from the owners of the dirty plants in Ohio. The failure to give some credit to those who went first is a concern.

I have other concerns with the President's program. It is not clear how it will deal with growth in emissions after the year 2000. As new plants are built to handle increasing electricity demand, they will add new sulfur dioxide emissions. No doubt they will be much cleaner than the old plants. But growth can be expected. How that growth is offset so that we stay at 10 million tons less than 1980 levels—and do not exceed 2 million tons in transboundary flows—is a critical question.

Second, I am concerned about a slippage in the deadline. Canada is implementing a 50% reduction by 1994. The President's pro-

gram is a 40% reduction by 2000. Maybe. And I say maybe because there appears to be room for further delay. Our bottom line must be 10 million tons by the year 2000 with no backtracking on that commitment.

ACID RAIN AND THE CONGRESS

President Bush has made an historic step toward clearer air and cleaner water. But as we commend him for his commitment, there are two things to keep in mind.

First, the President does not have the power to implement this proposal. Before anything can be done, our Congress must pass a law.

And second, the President has no power to schedule the consideration of bills in our Congress. He and his program are now at the mercy of an institution that has two houses, 535 members and no real leader, because it has so many leaders.

The U.S. system of government was intended to prevent laws from being enacted, unless they are absolutely needful. The President can't tell the powerplants to make these emissions reductions unless Congress authorizes him to do so. And it hasn't, yet.

With the Congress, we have a series of rules and procedures which are designed to protect the interests of minorities who feel intensely on an issue. We don't want them trampled by the passing fancy of a careless majority. A few members of the Congress who are very strongly opposed can block action on a proposed law for years, if they are sufficiently committed.

And on the issue of acid rain, there are a few members who are determined to block action. They come from the handful of states in our Midwest which produce high sulfur coal. That coal is burned in large powerplants with tall stacks which account for the largest share of the problem. Cleaning up those stacks with pollution control technology like scrubbers would cause electricity prices for their constituents to increase dramatically. Using cheaper, low sulfur fuels would close down the high sulfur coal mines where many of their constituents work.

A million ton reduction in sulfur dioxide emissions will cost the U.S. about $4 billion per year. It's true that this is a small amount per person, about $25 for each American. But it's not spread evenly like that. Most of the cost is concentrated in the four or five states which produce most of the emissions. We don't have one great big utility for that whole region. We have many, so the cost is not spread broadly. It is concentrated on a few Americans in a few states.

Given these economic facts, it is understandable that the senators and congressmen from those states would try to block legislation that would require reductions. There is, of course, a group of members on the other side. Those from the New England states, where the acid rain falls, have bene pushing for a sulfur dioxide control law for almost ten years now. But they have been blocked by those from the region which would pay a disproportionate share of the cost.

This is not a partisan issue. It is not Republicans against Democrats. I am one Republican who consistently opposed Ronald Reagan on acid rain. And there were Democratic leaders of the Congress who were his constant allies on this question. It's a regional issue—one part of the country against the rest.

President Bush's support for action makes some difference in this congressional struggle. It is not decisive. He has no role in scheduling a bill for consideration. But he focuses public opinion and press attention on the debate. When the President takes a strong stand for action, as President Bush did today, it usually means the majority is also becoming determined—has decided that a law is needful.

And I think the high sulfur coal states are now ready to concede that an acid rain control program is inevitable—that the majority will is determined enough to set aside the narrow concerns of a few states for the good of the whole. Coal state senators are now describing acid rain programs that they might support. Those proposals might generally be described as smaller and later than the President has proposed.

Rather than ten million tons, the coal states and utilities are proposing eight million tons. And rather than the year 2000 as a target date, they are proposing 2003 or 2005. A smaller, slower program is now their goal.

But we should not compromise on these questions. Ten million tons by the year 2000 is a must. Rather than compromise the program, we must look to other means which address the concerns of the high sulfur coal states. An acid rain control program should include assistance from the national government to help pay for the cost of the pollution control equipment. We can have a cleaner environment and protect the jobs and electricity consumers of the high sulfur coal states, if the whole nation will help pay for the cost of scrubbers and clean coal technology.

A CANADIAN-U.S. AIR POLLUTION AGREEMENT

Before leaving the subject of the U.S. legislative process, I want to make a comment on the possibility of a Canadian-U.S. accord on acid rain. I know that your Government has a strong interest in negotiating an agreement and I believe it might have value.

There are two kinds of agreements that our President is authorized to negotiate. One is a treaty. It is a formal agreement that has the force and effect of law in the United States. If our two nations made a treaty calling for emissions reductions at powerplants, the U.S. powerplants would be legally required to do so.

But a treaty must be approved by the Senate by vote. And it must carry by a two-thirds majority. Considering the intense regional opposition on acid rain, it may be easier to pass a law that requires only a simple majority than to ratify a treaty where two-thirds of the Senate must approve.

The other kind of agreement is called an accord. It is an agreement between the executive parties—the President and the Prime Minister—of the two governments. It establishes policy for the United States Government. But it does not establish law. If the President has been previously authorized by the Congress to carry out the provisions of an accord, he would be obligated to do so by the agreement. But if he has not been authorized by the Congress to take the actions that an accord specifies, all the President can do is ask the Congress for the authority. That is, ask the Congress to pass a law.

Before today, calling for an accord between the two governments on this question was an effective way to push our President to make up his mind and take action. Negotiating an agreement is a way to help the President shape his policy and sell it to the Congress.

But now that he has put a proposal on the table, the President is not really in a position to negotiate on the proposal with Canada. As I hope I've made clear, beginning today, he is in the process of negotiating with the Congress.

Nevertheless, I think there is a role for an executive agreement between the two nations. We might call it the third phase of the American program. The President has proposed five million tons in the first phase and five million tons in the second. But we still won't reach our goal of a 50% reduction from 1980 levels. We don't know whether the ten million tons will be sufficient to protect our most sensitive resources. And there is the problem of growth. How much additional loading from new plants can be tolerated?

Canada has already invented a system for answering these questions. You have established a deposition standard of 20 kilograms per hectare per year of wet sulphate. This is not a limit on emissions, but a measurement of the amount of sulfur that comes back to the earth in a specific area. Any loading over the 20 kilogram level will presumably threaten the resources where the excess load occurs.

These deposition standards can be easily tracked to detect excess acid loadings. Monitoring stations for deposition already dot the landscape. If, after our emissions reductions programs are fully implemented, excess loadings still occur, more reductions will be necessary.

We need a piece like that—a deposition standard—as the third phase of the U.S. program. It's a way to verify the effectiveness of our emissions reductions. And it may also create a cap on new growth. It would be most helpful if your Government would seek agreement to implement a deposition standard for the sensitive resources of the North American continent. This would be the final phase of the war on acid rain to be implemented jointly by both nations after the year 2000.

THE ENVIRONMENT IS AN INTERNATIONAL VALUE

In fact, international agreements of this kind will be a much more important aspect of environmental protection in the future. Recently, we have seen an agreement to protect the ozone layer from the effects of chlorine compounds high in the stratosphere. That was followed by an international agreement to freeze the transboundary movement of nitrogen oxides. And recently, thirty nations initiated an accord on the export of hazardous wastes.

The nitrogen oxides agreement has laid the foundation for a multinational agreement on deposition of acidic compounds and the definition of critical loads for sensitive resources. Canada can be justifiably proud for the leadership that it has provided in developing these concepts.

So, it's been a very good day for the relationship between our nations and for the resources of our continent. I am very honored that you have invited me here to be your guest today. I could have been at the White House this morning, instead, with the President as he made this historic announcement.

But I am happier being here with you. Happier because I can say thank you for all your efforts to bring us this much closer to clean air. Happier because I can celebrate with you the promise of a better day for our lakes and streams and forests—for the health of our children—and for the friendship which will always bind our people together in these great endeavors.

RETIREMENT OF LANDO W. ZECH, JR., CHAIRMAN OF THE U.S. NUCLEAR REGULATORY COMMISSION

Mr. BURDICK. Mr. President, on June 31 of this year the term of Adm. Lando W. Zech, Jr., the current Chairman of the U.S. Nuclear Regulatory Commission, will expire. I would like to take this opportunity to thank Admiral Zech for a job well done.

Admiral Zech has established a reputation for honesty and integrity while at the NRC. This reputation is well deserved. He has always done what he thought was right for the NRC and right for the country.

The NRC deals with some of the most difficult decisions we face. Most of the NRC's decisions are very controversial, and the debates are very emotional. All too often the job of the NRC is a thankless one. So it is important to remember to applaud those who serve in the NRC when it is earned.

Recently, Admiral Zech has led the NRC into several controversial rulemakings—on standardization and licensing reform, fitness for duty, and maintenance. His leadership in these areas has been strong and commendable. I hope that the Commission will continue with the course he has set on these initiatives.

At this time, I also would like to congratulate Admiral Carr, who the President has nominated to succeed Admiral Zech as Chairman of the NRC. I look forward to working with Admiral Carr on the nuclear issues we will be facing together.

Admiral Zech has been a true public servant. He is leaving a lasting mark for his dedication to nuclear safety, the NRC, and the American people.

HAPPY BIRTHDAY, WEST VIRGINIA!

Mr. BYRD. Mr. President, on this day 126 years ago, West Virginia became the 35th State in the Union.

Of course, we are far removed from the era in which West Virginia was born.

In his Gettysburg Address, Abraham Lincoln said in conclusion, "that this Nation, under God, shall have a new birth of freedom—and that Government of the people, by the people, for the people, shall not perish from the Earth."

Those were still revolutionary ideas in the era in which they were spoken, and are still today considered dangerous and threatening wherever tyrannies hold sway.

But the innate human hope expressed in Abraham Lincoln's words was the inspiration behind the actions last month of the student-worker demonstrators in Beijing, Shanghai, and numerous other cities in China. That hope is the goal at which the people of Poland and Hungary are aiming as they press toward the first free elections in their countries in more than four decades. And that is the hope toward which millions of men and women are looking in the Soviet Union as that vast nation takes the first stumbling steps toward genuine democratization since 1918.

Many people in West Virginia are mindful today of that hope and of the tradition of liberty that gave birth to our State and that has placed West Virginians in the front ranks of every struggle for our national freedom and our national security since West Virginia entered the Union. Indeed, though West Virginia has traditionally been one of the less populated States, in World War II, West Virginia ranked fifth among the States in the percentage of its male population participating in the fighting. In the Korean war, West Virginia was first among the States in the percentage of male population participating in the fighting. And during the Vietnam war, West Virginia ranked second among the States in the percentage of its male population participating in the fighting.

And West Virginia ranked first among the States in the percentage of deaths of its male population suffered during both the Korean and Vietnam wars.

On this 126th birthday of West Virginia statehood, then, I salute the deep love of liberty that has ever found a home in West Virginia, and that again and again has placed West Virginians on the side of freedom-loving peoples around the world. Our prayers are today that, as West Virginia celebrates its 126th birthday, those brave men and women in other lands who are yearning and valiantly struggling for their liberties and rights to self determination may finally be able to dwell in the freedoms that we in West Virginia prize and love so deeply.

NUCLEAR WASTE ISSUE

Mr. REID. Mr. President, I feel compelled to bring to the attention of the Senate yet another example of the double standard that the Department of Energy is using in dealing with the nuclear waste issue.

On June 17, the Department of Energy announced that they had reached agreement with Gov. Roy Romer, of Colorado, that public safety will be given a priority over production at the Rocky Flats nuclear weapons plant. According to the Department, this is a fundamental change in their priorities.

Deputy DOE Secretary Henson Moore stated in a news conference that we are under a new administration, both in the Presidency and in DOE. The new administration is making it very plain to our personnel and to those who work for us as contractors, that environmental safety and health is the first priority in the operation of our facilities.

This is an astounding revelation, Mr. President, and I hope that it applies to the storage of nuclear waste as well as the production of nuclear weapons. Twenty months ago when I offered an amendment to the Nuclear Waste Act of 1987 to ensure that public health and safety would be the No. 1 consideration in siting the proposed permanent nuclear waste dump, both the administration and the Department of Energy opposed the amendment and it was defeated in the Senate.

To date we haven't seen any commitment to putting public safety first when it comes to storing nuclear waste. Why, Mr. President, isn't the safety of the people of Nevada the No. 1 priority of this administration and the Department of Energy, just as is the safety of the people of Colorado.

I intend to ask Admiral Watkins this question. I hope that the safety of the citizens of Nevada will be just as important to him as the safety of the citizens of Colorado. If not, it will be just one more example of the double standard concerning nuclear waste at the Department of Energy.

Mr. President, I ask unanimous consent that a letter to every Member of Congress from the Department of Energy on this subject be included in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF ENERGY,
Washington, DC, June 19, 1989.

DEAR MEMBER OF CONGRESS: In a press conference with Colorado Governor Roy Romer last Friday, the Deputy Secretary of Energy W. Henson Moore announced a fundamental change of priorities at the Department's nuclear weapon plants, whereby safety is given priority over production.

Enclosed are copies of the agreement between the Department and the Governor regarding the operation of the Rocky Flats facility in Colorado and of the transcript of the news conference. I have also attached a copy of the Secretary's June 15 letter to the Chairman of Rockwell International Corporation, in which he expressed his serious concerns about Rockwell's management of the facility.

I hope you will find this information useful.

Sincerely,

JOSEPH C. KARPINSKI,
Principal Deputy Assistant Secretary, Congressional, Intergovernmental, and Public Affairs.

CONCLUSION OF MORNING BUSINESS

The PRESIDENT pro tempore. Under the order, morning business is closed.

RECESS

The PRESIDENT pro tempore. The Senate will stand in recess until the hour of 2:15 p.m. today, at which time the Senate will resume consideration of S. 5.

Thereupon, at 12:29 p.m., the Senate recessed until 2:14 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. SANFORD].

RECESS

The PRESIDING OFFICER. Without objection, the Senate will stand in recess until 2:30 p.m.

There being no objection, the Senate, at 2:14 p.m., recessed until 2:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. SANFORD].

CHILD-CARE IMPROVEMENT ACT

The PRESIDING OFFICER. The clerk will report the pending business.

The assistant legislative clerk read as follows:

A bill (S. 5) to provide a Federal program for the improvement of child care and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Mitchell amendment No. 196, in the nature of a substitute.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, first of all, I would like to just take a minute if I could. This morning during the morning business I listened with great interest to the minority leader and others talk about the pending matter before the Senate, S. 5, the child-care legislation, and I was somewhat intrigued that the complaint was that somehow the report was unclear.

We have had this bill, as the majority leader said, before us now since last Thursday. This is Tuesday. It has been almost a week, over the weekend, for people to go over and to read. The changes that were made are very clear. I think everyone knows what they are. I have certainly stated them, and the majority leader stated them last Thursday, and the Senator from Utah has stated them over and over again.

I cannot believe that anyone would suggest that somehow there has not been an adequate amount of time or it is unclear as to what is in the legislation.

So the notion somehow that we have been hiding something, if it is insufficient for people to have 5 days to review a piece of legislation, beginning day 1 in our articulation of it, then I find that criticism to be totally unfounded.

No. 2, there was a suggestion, and I have said this before, the Senator from Utah has said it, but again I guess we need to keep repeating what is not in this bill. I thought we were going to debate what was in it. But I guess I am speaking an inordinate amount of time answering criticisms that do not exist. The suggestion was again here that this was some huge Federal bureaucracy. We have made it clear there is no Federal bureaucracy. The legislation calls for the appointment of a Federal administrator. That is it.

The Congressional Budget Office in its analysis of this legislation said there may be Federal expenditures that will amount to three-tenths of 1 percent. So 99.7 percent of this legislation, according to the CBO, goes directly to parents or goes to States; that we have offered. The rest, of course, in the tax credit area is obviously not funds that would end up in the Federal bureaucracy.

So this has been sort of an historic response that when people talk about a piece of legislation like this, let us reach into the old bag here, an old argument worked before, let us try it out here. Whether it applies or not is irrelevant. Let us just use the argument anyway, and if we throw it and say it often enough, then maybe people will begin to believe it. It is sort of like what the Chinese are trying. They are denying that anything happened in Tiananmen Square. If you say it often enough, maybe the Chinese people will believe it.

Well, maybe if we say it often enough here that this is a huge Federal bureaucracy, then maybe people will believe it. Again, I emphasize, according to the Congressional Budget Office, again the work we have done, what you are talking about maybe is three-tenths of 1 percent of the funds.

Let me, if I can share as well editorials that appeared this morning in a number of papers, the Atlanta Constitution as well as the Los Angeles Times, and just a day or so ago, the Wichita Eagle-Beacon.

Mr. President, I ask unanimous consent that all three editorials be printed in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Atlanta Constitution, June 20, 1989]

THE NEW, IMPROVED CHILD-CARE BILL

U.S. Sen. Christopher Dodd's multi-billion-dollar child-care bill has undergone some drastic changes on its way to the Senate floor, owing mostly to President Bush's intransigence.

In place of uniform federal standards, key to upgrading the quality of day-care centers but staunchly opposed by the White House, the Connecticut Democrat's bill now leaves regulation largely up to the states. It also permits the same assistance to church-run centers, provided they do not operate "in a manner inconsistent with the Constitution," which mandates separation of church and state. Those features should make it more palatable to President Bush, who earlier this year sent to Congress a bare-bones, $435 million plan calling for modest increases in Head Start, modest tax credits or refunds for low-income working partents—and nothing else.

As a further inducement to Republicans, the Act for Better Child Care (ABC) also carries an amendment delaying implementation of a law requiring businesses to end disparities in benefit programs for higher- and lower-paid employees.

Tax credits and refunds alone won't cure the nation's child-care problems, as Sen. Orrin Hatch (R-Utah)—ordinarily a staunch White House ally—now argues, taking issue with the simplistic solutions offered by the Bush plan. There are, he insists, "factors that discourage choice in child care which cannot be addressed simply be giving more money to consumers."

Thus, though 70 percent of the ABC funds provided by the Dodd bill would go directly to families to help pay for day care (now averaging $3,000 a year), 22 percent would be used to improve the quality and supply of day-care facilities through training grants, start-up loans, resource referrals, public/private partnerships and the like, leaving 8 percent for administrative and enforcement costs. The Dodd bill would provide assistance, on a sliding scale, for middle-class as well as poor families; it would also make tax refunds and credits, for child health insurance as well as child care available to poor families.

The changes in the bill are a stiff price to pay for realistic funding levels and incentives for employers and schools to start their own day/care programs—measures that should stand on their own when women constitute nearly half the work force, and two-thirds of women with children under 3 are working. But the price is worth it, if that's what it takes to avoid partisan squabbling and a presidential veto over a measure bringing affordable child care within reach of more families.

No longer the partisan measure proposed several years ago by Mr. Dodd, the bill now bears the stamp of key Republicans including the president. It is closer to the child-care initiative Mr. Bush promised during his campaign than the plan he himself sent to Congress—and it deserves swift bipartisan approval.

[From the Los Angeles Times, June 19, 1989]

A BILL WHOSE TIME HAS COME

American parents want safer, affordable child-care programs. The U.S. Senate is now debating legislation that might deliver programs that meet that description. But the question of how best to provide this care remains in doubt. So is the fate of the bill, broadly cast as it is. As fast as its chief sponsor, Sen. Chris Dodd (D-Conn.) takes care of one objection, opponents offer up another. His bill is even more sound now than when it started out, and the Senate should vote it on its way.

The Dodd bill, co-sponsored by Sen. Orrin Hatch (R-Utah) and supported by Senate Majority Leader George Mitchell (D-Maine), would expand the amount of child care available and provide subsidies for care of children when their parents cannot afford it. Working with Sen. Lloyd Bentsen (D-Texas), the sponsors have reduced the original bill's direct federal funding for services and subsidies, proposing to pay some of the costs through dependent care and child

health-care tax credits. The total bill remains $2.5 billion a year.

Last year the bill foundered on concerns about federal money going to religiously affiliated child-care programs. Churches and synagogues provide much of existing day care; backers wanted to preserve those services without violating constitutional questions of church-state separation. The dilemma has been resolved with a provision that churches and synagogue programs may receive federal money as long as they do not discriminate against children whose care is publicly subsidized and do not offer religious instruction.

Some governors did not want Washington to write health and safety standards for the states. The new bill gets around that by having states set their own standards. But it creates an advisory panel to draft model standards that states could adopt if they chose. States that adopted model standards would qualify for extra grants; states that did not would not. The National Governors Assn. now supports the bill.

President Bush and some Republican senators want Congress to pass only a tax credit for child care. But "tax credits standing alone simply do not address the need for affordable, quality child care for parents in the work force," says Marion Wright Edelman, president of the Children's Defense Fund and a key architect of the bill. Bush's proposal would pay an average of $20 a week; minimal child care costs at least $75.

Republicans charge also that the Dodd-Hatch bill will prevent parents from deciding who will care for their children. The charge is unsupportable. Families can use subsidies for care at day-care centers, at churches or synagogues or in private homes. It is entirely up to them. The bill actually would widen options by encouraging development of more day-care centers.

The day-care bill is a splendid expression of an idea whose time has come. It should pass now.

[From the Wichita Eagle-Beacon, June 16, 1989]

MORE CHILD CARE: CHANGING WORKPLACE DEMANDS IT

By now, it's difficult to ignore the obvious: American families need child-care assistance and they need it desperately. The makeup of American families and the necessity for child care that pattern imposes are clear and unavoidable. That's why the current Senate debate over the Act for Better Child Care, or ABC, is focused on how much regulation and how much money is necessary, not on whether the need exists or whether families should be the way they are.

Here's the way they are: Only about 11 percent of all American mothers still fit the June Cleaver mold—a mother at home with the kids while husband works to support the family. Now, more than two-thirds of all married couples are two-income families. More than half of all working moms are married to men who make less than $20,000 a year. Twenty percent of all families with children under age 18 are headed by a single parent. It's clear that the majority of American mothers with young children who work outside the home must do so out of economic necessity. As the century changes and the baby-bust generation goes to work, women and minorities will play an even stronger part in filling the workforce gap.

Yet safe, affordable day care is incredibly difficult for working parents to find. Facilities are not bound to national or even state uniform safety and health regulations. Too often, working parents must leave their young children in the hands of uncaring or unqualified strangers during working hours. The kids feel, and often are, neglected; their parents feel guilty for leaving them in such situations and angry that economic circumstances demand of them such heartrending choices.

That's neither a proper way for a child to grow up nor a productive way for any worker to do business. The link between inadequate care of children and social maladjustment, educational failure and involvement in crime in later years is becoming much clearer. An employee distracted and concerned hourly about children is certain to under-perform. The personal and economic costs of ignoring the need for child care are unacceptable.

The Act for Better Child Care is an attractive proposal. By helping states regulate and augment existing child care, the $2.5-billion program addresses the key concerns of most working parents—affordability, availability and safety—that President Bush's tax-credit alternative for working parents does not. Under the ABC, states would be expected to comply with federal regulatory guidelines and even could apply for additional funding to bring up lagging standards.

The regulation that any such federal child-care program sets in motion almost certainly will need some ironing out as the bureaucratic wrinkles become apparent. The final ABC bill carefully should address the potential for bureaucratic overkill.

At $2.5 billion, the ABC is an expensive program at a time of fiscal constraints. But failure to meet the long-term social and economic needs of young children and their working parents would amount to reckless gambling with the nation's future.

Mr. DODD. Mr. President, let me just share with my colleagues, if I can, the parts of the Atlanta Constitution editorial this morning called "The New Improved Child Care Bill."

U.S. Sen. Christopher Dodd's multi-billion-dollar child-care bill has undergone some drastic changes on its way to the Senate floor, owing mostly to President Bush's intransigence.

In place of uniform federal standards, key to upgrading the quality of day-care centers but staunchly opposed by the White House, the Connecticut Democrat's bill now leaves regulation largely up to the states. It also permits the same assistance to church-run centers, provided they do not operate "in a manner inconsistent with the Constitution," which mandates separation of church and state. Those features should make it more palatable to President Bush, who earlier this year sent to Congress a bare-bones, $435 million plan * * *

Reading on:

Tax credits and refunds alone won't cure the nation's child-care problems, as Sen. Orrin Hatch (R-Utah)—ordinarily a staunch White House ally—now argues, taking issue with the simplistic solutions offered by the Bush plan. There are, he insists, "factors that discourage choice in child care which cannot be addressed simply by giving more money to consumers."

Thus, though 70 percent of the ABC funds provided by the Dodd bill would go directly to families to help pay for day care (now averaging $3,000 a year), 22 percent would be used to improve the quality and supply of day-care facilities through training grants, start-up loans, resource referrals, public/private partnerships and the like, leaving 8 percent for administrative and enforcement costs.

No longer the partisan measure proposed several years ago by Mr. Dodd, the bill now bears the stamp of key Republicans including the president. It is closer to the child-care initiative Mr. Bush promised during his campaign than the plan he himself sent to Congress—and it deserves swift bipartisan approval.

Again, Mr. President, that is extremely important.

Furthermore, today or yesterday we received a letter from the office of the general secretary of the Catholic Conference of Bishops, dated June 19, 1989, addressed to Members of the Senate, signed by Father Robert Lynch, general secretary, of the U.S. Catholic Conference.

I ask unanimous consent, Mr. President, that this piece of correspondence be printed in the RECORD as well.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL CONFERENCE OF CATHOLIC BISHOPS.
Washington, DC, June 19, 1989.

DEAR SENATOR: The U.S. Catholic Conference, the public policy agency of the nation's Roman Catholic Bishops, strongly supports efforts in the U.S. Senate to pass comprehensive, broad-based and inclusive federal child care legislation.

We urge you to support the child care proposal offered by the Senate Leadership. The Catholic Conference has urged that the nation's political leadership work to bring together the best elements of the various approaches to child care legislation. The Senate child care package is a major step forward in this effort.

This proposal now strongly affirms parental choice with the incorporation of the Ford-Durenberger amendment. It offers vital and practical assistance to families in securing safe, quality child care through the current provisions of the Act for Better Child Care. And it now also includes important tax provisions helping low income families with children. Every piece of legislation is a combination of compromise and consensus. Not every provision can fully please every advocate. But, taken as a whole, this proposal represents a major step forward for our nation. In addition to this child care legislation, we believe other measures to strengthen and support family life including family and medical leave legislation, more generous earned income tax credit and other tax measures that assist families with children regardless of whether they work at home or in the marketplace should be adopted by this Congress.

We strongly oppose any attempt to eliminate the ABC provisions which now affirm parental choice in the use of child care certificates and which offer essential assistance to families in need of safe and affordable child care.

Mr. DODD. Again briefly here for the edification of my colleagues, the letter says:

We urge you to support the child care proposal offered by the Senate Leadership. The Catholic Conference has urged that the nation's political leadership work to bring together the best elements of the various ap-

proaches to child care legislation. The Senate child care package is a major step forward in this effort.

The Senate's legislative combination of direct assistance to families and child care providers and tax provisions that help low income families will serve our nation well. It recognizes the pluralism and diversity of child care in our country, including home care and care offered by community and religious groups. It makes a major investment in our children and supports parental choice.

For these reasons, the U.S. Catholic Conference joins with many others in urging strong, bi-partisan support of this vital child care legislation as an important part of our nation's commitment to our families and our future.

Sincerely,

FR. ROBERT LYNCH,
General Secretary, USCC.

Mr. President, the letter goes on and says:

This proposal now strongly affirms parental choice with the incorporation of the Ford-Durenberger amendment. It offers vital and practical assistance to families in securing safe, quality child care through the current provisions of the Act for Better Child Care. And it now also includes important tax provisions helping low income families with children. Every piece of legislation is a combination of compromise and consensus. Not every provision can fully please every advocate. But, taken as a whole, this proposal represents a major step forward for our nation.

The letter concludes. It says:

We strongly oppose any attempt to eliminate the ABC provisions which now affirm parental choice in the use of child care certificates and which offer essential assistance to families in need of safe and affordable child care.

The Senate's legislative combination of direct assistance to families and child care providers and tax provisions that help low income families will serve our nation well. It recognizes the pluralism and diversity of child care in our country, including home care and care offered by community and religious groups. It makes a major investment in our children and supports parental choice.

For these reasons, the U.S. Catholic Conference joins with many others in urging strong, bi-partisan support of this vital child care legislation as an important part of our nation's commitment to our families and our future.

Again, Mr. President, to have correspondence, editorial comments, the Catholic Conference, the notion somehow we have heard it said we are denying parental choice, we think the Catholic Conference of Bishops made it clear that in fact our legislation does just the opposite; it expands choice.

Again, I regret that I have to spend time answering charges that do not relate to this legislation, but that seems to be our plight.

My distinguished friend from Utah and I have spent the last 2 days arguing about myths, and we welcome the opportunity when amendments may be offered later today to address some of the specifics of the legislation in front of us.

Mr. President, at a later time I will offer some additional editorial comments that have been offered, but in the meantime at this point I yield the floor.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I notice that the distinguished Senator from Kansas is here. I have some comments to make about this, but I think I will defer until after she makes her statement and then I will make some comments.

Let me just make 1 minute of comment and that is this: look, I think that everybody in this body has some idea of how child care should or should not be. There are all kinds of bills, 19 that I last counted in the U.S. Senate. Most of them have merit. In fact all of them have merit and all do some good. None do all the good that needs to be done.

But it is really irritating to see the disinformation and the downright false information that is being spread around this body by I know people who think they are doing good, and I do not think some of them even think that, but the misinformation, disinformation and downright twisting of what the ABC bill today currently really is.

I can tell you right now the minority leader is going to bring his amendment to the floor. It is a nice amendment. There is a lot to be said for it. It is something that a number of us have basically prepared and filed before. It has been refined. I think many may want to support it, and bless them if they do.

But it does not do everything that needs to be done for child care. There is an awful lot done in the ABC bill that that amendment will not do. Now that amendment has some advantages that we, by necessity—because it is a direct grant program—cannot do with the ABC bill. But there is room for direct grant just as there is room for an indirect grant.

I get a little tired of seeing the partisanship and seeing people playing with this issue as though it is an issue that basically deserves partisan treatment. We ought to all get together and do the best we can to come up with a child-care bill.

Whatever passes, in the final analysis, I hope I will be able to support, because I do not care who gets credit for the child-care bill that comes out of the Senate. That is the last thing on my mind. I care that we do something about these problems. They are serious.

I can tell you that the distinguished Senator from Connecticut has tried to accommodate everybody and is still standing on the floor saying, "If you don't like aspects of this bill, let us know what you have. If you have a better idea, we will adopt it."

I do not know what else you can do. One thing we can do is stop these outside groups from influencing Senators with false information.

I was really offended when I walked into my caucus and hear that they passed out a sheet that nobody tells where it came from that is filled with false information, disinformation, downright, deliberate deceit, as though that is the way it should be. Why, we even have in one of our telephone call-ins for our party, we even have them describing this bill, the ABC bill, as the bureaucratic approach to the child care, while the Dole approach is the family approach to child care.

Now, I know that the distinguished head of the Policy Committee would not countenance that if he looked at both sides. But some do-gooder there, some partisan has put that in that way. I think both are family approaches and both do a lot of good and neither does everything that the other can do. Now, that is the point I am trying to make. I would like to see this debate on a higher level than that.

Let me tell you something: Ideally it would be wonderful if we could merge the tax credit approach with the ABC approach. We would really do something for families. We would really help millions of people out there who need help.

If you pass one or the other without the other, you are only doing what could be done in a limited fashion. And, frankly, it is up to anybody to make a determination which one is the better of the two. But, put together, they both become very, very good and families will benefit. That is what I hope we can ultimately do.

If the Dole amendment passes, then that will be the child care bill for this year. And I will say God bless them, because those are ideas that every one of us have had anyway. If the ABC bill passes, I think we both agreed we do not want it to pass solely by itself. We would like to have a tax credit approach as well because of the good ideas that come through that, that, by necessity, we cannot put into the ABC bill without adopting that.

That is what the distinguished Senator from Texas tried to do. There is some aspects of his amendment that are now part of the Mitchell amendment that I do not like. But the fact of the matter is the tax credit part is as good as anybody's.

So let me just end with that and just say that I hope that today we could talk about the issues. When the distinguished minority leader brings his amendment to the floor, we will be glad to chat about it and to talk about what is right or wrong with that in conjunction with what is right or wrong with what is presently the amendment before the Senate.

So with that, I am delighted to yield the floor and listen to the distinguished Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I guess as a mother of four children, now grown, I am grateful that they are the age they are because certainly there are pressures in society today for young families that did not exist when my own children were growing up.

I would say, thanks largely to the Act for Better Child Care, a national debate regarding child care and the quality of child care is taking place. It is an important issue for us today in our society.

It has been a constructive debate, I think, that has led us and should lead us to ask fundamental questions about our society's attitude toward children and families and about the appropriate use of the Government in meeting their needs. Because both the decisions to have children and to use child care involve at least some degree of personal choice, some of these questions have focussed on the proper role of the Federal Government in addressing such needs.

I believe that the ABC bill before us this week is a much improved bill. I am grateful to the sponsors for the examples that they have set in the art of political compromise.

I think it is unfortunate—and I would agree with the Senator from Utah [Mr. HATCH] that misinformation can cause fear, it can distort debate and that it does not really serve a useful function to engage in those tactics.

Most of us agree that church-based centers should participate in any child care program to the greatest extent allowable under the Constitution and this bill, the ABC bill, I believe attempts to accomplish that.

Most of us insist that parents should have the greatest range of choices in selecting care for their children. I believe this legislation achieves that goal by making funds available for providers ranging from grandmothers to neighbors to child-care centers.

In addition, while my own State of Kansas has some of the highest child-care standards in the country and would have little trouble meeting the Federal standards in this area, I share many of my colleagues' reluctance to mandate Federal standards and I am pleased that only model ones are now recommended under the ABC bill.

However, other provisions of the ABC bill still concern me. And they are not myth. It is not misinformation. It is something that is very real that has troubled me from the beginning.

A major concern is that 70 percent of its funds are dedicated to the direct payment of child-care services. I fully recognize the important role of quality care in early childhood development.

As a realist, I know that obtaining adequate and convenient care is a vital prerequisite for parents who work. But as a lawmaker, I am deeply concerned about our tendency to be swept away by the vivid, emotional details of a societal need and to rush to address that need without considering it in its proper budgetary and social policy context.

Mr. President, part of the context missing from this debate is the present Government commitment to child care. I think many forget that billions of dollars already are spent on child care through the dependent care tax credit, through Head Start, through the Child Care Food Program, State dependent care development grants, social services block grants, and job training programs.

Another part of that context is our current budget deficit of more than $100 billion. Our resources are, to say the least, limited.

It is for these reasons that the child care subsidy portion of ABC troubles me. By initiating a program of direct payment for child-care services, we will be establishing a new permanent structure in the Federal Government that will carry its own constituency, pressuring ever more generous funding.

We will be institutionalizing yet another expectation.

This expectation, Mr. President, and the costs of meeting it, has the potential to expand dramatically. Much has been made of the fact that fewer than 1 million of the 18 million eligible children will receive slots funded under ABC. Do we really think that the families of the remaining 17 million will remain silent? We will have to address the needs of those remaining children who would be eligible under the ABC bill.

Much also has been made of the fact that the average day-care cost is nationally $3,000 a year. Do we really expect that to remain steady? What will our response be when the national average rises to $4,000, $5,000 or $6,000 a year? These are hard questions that should be analyzed in the broad context of budget priorities and welfare reform. Instead we are debating the issue in a vacuum, as though the only relevant factors are our concern for children and their fulfillment. That is very important. But, Mr. President, I really question whether we are being realistic.

In considering these conflicting concerns I have concluded that the Republican leadership package which will be offered this afternoon is our best option for helping the greatest number of people within responsible budget constraints. Clearly, it is not as generous as we would like. It is, however, as generous as we can afford to be. In my view it would be a mistake, at this point, to establish a self-sufficient and self-perpetuating Federal system of child care without first making the States and the private sector creative partners in our efforts to find effective solutions.

The efforts begun under this proposal can help us start making child care more plentiful and affordable, establishing priorities and identifying the next step. I think, as an alternative to ABC, that is a practical, realistic approach.

The fourth portion of this package would provide a $400 million block grant to the States to be used to improve the quality and supply of child-care services. This is similar to legislation I introduced earlier this year. The block grant approach begins a framework of child-care services, tailored to the specific needs of each State, without establishing a new Federal presence with all the administrative demands that that would entail.

I personally think that alone is a good approach.

These funds, under the block grant, could be used to increase the supply of child-care providers through recruitment and training; to provide loans and grants to help providers meet health and safety standards; to establish or expand resource and referral systems, and to help schools, businesses, and other groups establish programs including innovative ones, helping special populations like handicapped, sick, and latchkey children.

This approach relies heavily on the creativity and flexibility of States and communities who are in the best positon to identify and meet the various needs of their own neighborhoods, families, and work force. All who need child-care services would benefit from these efforts.

The second portion of this package modifies the existing dependent care tax credit to ensure that even low-income working families can take advantage of the credit. Under current law, all families who have employment-related child-care expenses may reduce their tax liabilities by claiming a portion of those expenses. Because the credit has not been refundable, however, many low-income families with little or no tax liability have been unable to benefit. By making the credit refundable, this package ensures that all working families with employment-related child-care expenses receive assistance.

The final piece of this proposal expands the current earned income tax credit to provide low-income families an additional credit of up to $500 for one child and $250 for the second child under age 4. It would be available to all low-income families with at least one worker, whether they use child-care services or not. Like most, I admire and respect those women who choose to stay home with their chil-

dren. While they do so at a financial sacrifice, the nonmonetary rewards for their families are considerable. At the same time, we all recognize that two-thirds of the mothers who work do so because they are the sole support of their families or because their husbands earn under $15,000 a year. For the most part, these women do not choose to work—they are compelled to work by financial necessity.

I have not been as supportive of the expansion of the tax credit portion as some. I am under no illusion that this credit will be enough to help many low-income women stay at home with their children. The Government cannot protect its citizens from realities and choices that are very difficult to make. The decision to work or not to work cannot be made revenue neutral.

Any such grandiose attempts on the part of Government would create overwhelming expectations, and we would be assured of failure. In all honesty, an expansion of the earned income tax credit is not child-care legislation, and I would prefer that this proposal were debated separately. Nevertheless, it is clear that the child-care debate has heightened awareness of the difficulties that low-income families with children are having in making ends meet.

At a time when the rate of child poverty is 20 percent and concern is growing about the health, education, and social well-being of children, it is important that we act to ensure that the lowest income working families are supported in their efforts to take responsibility for their lives.

Expanding the earned income tax credit can help target our limited funds to those in need. As with most problems of national scope, any real solution requires a coalition of parents, communities, employers, and government at the local, State, and Federal level. We should try to avoid our usual habit of short-circuiting this process by immediately moving all the action to Washington.

The private sector in particular has a major role to play, and I think they are more and more recognizing this responsibility. Because of a shrinking labor pool, employer competition over workers is expected to intensify in the 1990's. Two-thirds of these workers will be women. Faced with the necessity of attracting new employees, companies will need to be more innovative than ever in offering people-oriented benefits like flex-time, job sharing, cafeteria plans, part-time parental leave, and child-care benefits.

Already, businesses are beginning to adapt to these changes. A proposed AT&T contract with the Communications and Electrical Workers currently offers to seed child and elder care projects with a fund of $5 million.

Pizza Hut, headquartered in Wichita, KS, offers its employees a discount off the cost at a national chain of day-care centers.

In recent weeks I have also learned of a community college in my State that has begun efforts to establish a center in order to attract students and businesses that is adding also a day-care center in the hope that attracting new workers will eliminate the need to move to a larger community. Those are creative approaches that I think offer great opportunities for us to address these needs that exist in our communities.

Mr. President, despite its good intentions, the ABC bill creates a Federal program that very generously subsidizes child care for only a fraction of those in need of help. Fulfilling the high promise of this bill for all eligible families would require the addition of billions more in Federal dollars, funds that will simply not be available.

The Republican leadership's package, on the other hand, will provide at least some assistance for all who are most in need.

Further, its block grants provision begins a responsible effort toward addressing the shortage of quality care that most working parents face.

This package does not promise a full Federal solution. What it does promise, I think, is a realistic opportunity for committed parents, communities, employers, and governments to put their heads and their resources together in an effort to address their common needs.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DIXON. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Ms. MIKULSKI). Without objection, it is so ordered.

Mr. DIXON. Madam President, what is the order of business before the Senate?

The PRESIDING OFFICER. The pending business is amendment No. 196 on S. 5.

Mr. DIXON. I thank the Chair.

Madam President, for some time now the Senate has discussed at great length the so-called ABC bill, which I think by now all Senators understand has been substantially modified by the amendment that has been offered by the distinguished majority leader, largely through cooperation with the principal sponsor, the distinguished senior Senator from Connecticut, and others. I guess it is safe to say by this time that what we are now considering is considerably different than the original concept of the ABC bill.

As I understand the bill now, the basic concern that many had with tough Federal standards has been completely altered and so substantially modified that in fact, beyond the concept of a model, there really are no further Federal standards.

It would be up to the good judgment of the respective States as to what the standards should be. I think that is good. For a long time, Madam President, there was a concern because in many States, such as my own State, there was a good deal of child care services of quality being offered by religious institutions, be they Protestant, Catholic, or Jewish denomination. My understanding of the amendment offered by the distinguished majority leader, in cooperation with the distinguished senior Senator from Connecticut, is that problem has been essentially resolved. I am familiar with its resolution. I find that again to be a desirable step in the right direction.

What I have said to the sponsors of this bill and others I would simply like to say on the floor of the U.S. Senate because my perception of what I think is still a problem with this bill is one which some Members of the Senate, both of Democratic and Republican persuasion, also see with respect to the question of child care in America.

I would like to begin it in this way. I think the reason we are talking so much about child care now is that things have changed a lot in this country in the last several decades.

When I was a very young man just out of law school in the 1950's, I kept company with a lot of good friends of that era. One was a printer. One was a meatcutter. I happened to have been a lawyer at that time. But all of us had some kind of job, whether it was a professional, in the trades, or some other job. Our wives did not work, and we were starting our little families. That was the norm.

That is the point I want to make, Madam President. In the early fifties as I recall and all through the fifties and the sixties when I was in my twenties, thirties, and early forties in that era, in most situations of that time—I do not say altogether—in most cases it was the man who worked, and the woman stayed home. She was a homemaker, and raised your children.

So the problem before our society in those days was not the same as it is now because mother was home to take care of the kids.

Madam President, what is the situation now as I stand on the floor of the U.S. Senate in June of 1989? I stand before you as a father of three children with seven grandchildren. Each of those children, of course, is married, each of their families has children and in every one of the three families, Madam President, all of

them, both spouses work. Is that unusual? No. That is the interesting part.

That is the massive change that has taken place in our society in the last several decades. Now in most young families that have the kids—and we are talking about child care here—both work. So you have a situation where you have to have child care. We are not talking necessarily about the one-parent home now. We are talking about the two-parent home, both work, and you need child care.

That is our society today. So it is a grand problem out there in the country. My friend from Connecticut who has labored in the vineyards for several years in connection with this problem, way in front of the curve—may I congratulate him. He has seen the problem. The problem is there. In most families both parents work. They have children, and they have to have care for those children.

Let me say to that extent this bill that my friend from Connecticut has sponsored, with the amendment of the majority leader on it, addresses the problem. It is a good bill in my view. I say this, and I may be involved in the debate later. I do not know if I will be. I might be and I might not. But to the extent that my friend, the minority leader, suggests that he is improving on the bill, I must say I do not see any particular improvement in what is being offered on the other side to what my friend from Connecticut has laboriously produced over a period of years by virtue of a great many amendments and accommodations.

Here is where I think the problem presently presents itself to the Senator, and some other like-minded Senators. This bill is OK for the very, very poor. I want to make it absolutely clear so nobody ever later says DIXON said he does not want to help the poor. I want to help the poor. We should be doing more to help them in connection with this problem. This bill does a good job for the poor.

What I want to argue in a moment is that it does not do much for people of moderate income, working people of moderate income. So far as the Federal tax credit is concerned in this bill, let me tell you what it does. The Federal tax credit in this bill we are talking about does this: it increases the maximum percentage of allowable expenses from child care from 30 to 32 percent. You might say that is not bad, 2 percent. But listen to this: for families with income between $8,000 and $10,000 a year, then it increases it to 34 percent. You might say that is pretty good. It is a 4-percent jump. But listen to this 34 percent for families with income below $8,000 a year?

My friends, when you are talking about a family of $10,000 per year, I presume, let us talk about two working people making $10,000 a year. Two working people making $10,000 a year are a man and woman, quite probably, very, very young, both working flipping hamburgers at McDonald's or Wendy's for minimum wage. That is $10,000 a year.

That is pretty de minimis as an income. Some of my friends suggest—and I respect their views—they say, "Wait. The solution to this is we also deal with other people at a higher standard because we give this money to the respective States. Look at Illinois. It does pretty good in the bill."

Incidentally, Illinois does not do badly in this bill from the standpoint of money sent back there. But when you take $1.75 billion and you put it across this great Nation of ours and 50 States, and you spend some of it to upgrade care, which I am for, that is a good, very strong part of this bill. What you have left to give the people to help them with child care is very little in the pot, and you are not going to give it to ordinary working people because you are going to put some kind of means test on it. When you put that means test on it, you are again talking about the working, very, very poor.

So what is my point? My point is you ought to take care of the poor. My friend from Connecticut has done a whale of a job in this bill of taking care of the really poor working folks, $10,000 a year and less. I would argue that beyond that, this bill will not do much except to strengthen care centers, upgrade quality, and do a lot of other things that are important that I am for. I am for that.

However, what we end up with in my view is a bill which does not talk about all of these families in America, all over Illinois, all over every State of the Union where both parents are working, hard workers, work 40 hours a week, maybe some overtime sometimes, and they bring home the two of them working together, let us say $25,000 to $35,000 a year. That is not big money when you both work awfully hard. You put a couple of kids in a day care center where I'm told the average cost in America is $3,000 for one child, it's a tremendous expense. I know what you pay out here because I have a daughter who works out here. They pay more than $100 a week for one child 2½ years old. Again, Madam President, it is a tremendous expense.

So ordinary working folks have a problem. America is full of these folks, white, black, all religions, all ethnic groups, everything in America, a mix, people working, both of them and working hard, and yet not making a lot of money.

They have needs; they have to take care of these kids. It is a cost of working, I would argue. But they are not being addressed in this bill, in my opinion. I do not say that critically.

I see my friend rising, and I want to answer any questions he might have. I do not speak critically of this bill. I feel, when comparing the two alternative bills, this one more forcefully addresses the problem in America than what my friend on the other side is going to offer shortly. But neither, in my view, addresses the real problem of ordinary working people where both work and get up and say, Senator, I work and my wife works, and we have three kids and it is busting us. We cannot make the payments on the car and the house, and take care of the kids in a day-care center. What are you doing for us?

In this bill we do not do anything for them. Now, that bothers me a lot, and I am going to conclude in a moment, because I see my good friend standing.

Mr. DODD. Will the Senator yield?

Mr. DIXON. Sure, I will yield.

Mr. DODD. This is a very important point, one that there is a great deal of interest in, and I first of all want to thank him for his very generous comments about the pending matter before the Senate and his classmate's efforts; the distinguished Senator from Illinois, and the senior Senator from Connecticut and I arrived together on January 3, 1981, as new Senators in our respective States, 9 years ago.

First of all, his concern about working people, this is a very important element. The ABC part of the bill, not the tax part of the bill, allows for each of the States, respective States, to distribute those direct payments to families, based on income, median income, 100 percent of median income in those States.

For instance, in the State of New Jersey, 100 percent of median income would allow a family that made $47,000 to potentially get assistance under this bill. The national average is around $33,000, 100 percent of median income. It does not mean that they will, because each State will have to decide where it wants to target those resources.

The State legislature and your Governor may make a decision different than my Governor in Connecticut. I do not want to mislead my colleague by suggesting that that family that makes $47,000 in New Jersey is going to get the assistance, but if New Jersey, the people in New Jersey, through their elected representatives, decide they would like that income group to receive assistance under this bill, they can.

So we have left the door open, rather than try and say here in Washington that we are going to mandate exactly what each person ought to get and each family ought to get in each State. We have left great flexibility, up to 100 percent of median income in the respective 50 States. So there is a potential, I suggest, that working families, beyond what they would receive under the tax credit, as presently

drafted, would actually qualify for additional assistance.

Quickly, let me add this: Under existing law, not included in this bill, already there are $4 billion in dependent or child-care tax credits, which are available today for American families, with almost no income caps at all. So even a family that made $80,000 or $90,000 qualifies under the Internal Revenue Code for some child-care assistance; it may not be as much—and one would argue that it probably should not be as much as a very low-income family, given their income in a given year—but under existing law, there are child-care credits available to working families without any income caps and, additionally, in the bill that allows the States flexibility, there is an opportunity. I appreciate what my colleague from Illinois is suggesting, that too often we talk about legislation like this, and we fail to recognize that while the working poor need help, working families need help, and they may not be destitute, but they have found that they need two incomes in order to provide for their family needs.

I want my colleague to know that this Senator feels very strongly about that issue. As he has pointed out, I have tried to deal with all of my colleagues here and put together a piece of legislation that reflects the broad thinking of this institution. To that extent, this bill reflects those goals as represented to me by my colleagues. I thank my colleague for yielding in order for me to make those two points. I will be glad to respond to any questions he may have about those two elements.

Mr. DIXON. May I say, Madam President, that what my colleague says is very, very valuable. I wish to respond to it and to continue to show my concerns for the general nature of this legislation, but may I say first that I have the highest personal regard for the senior Senator from Connecticut. He and I are the sole survivors of the 1980 landslide, Reagan landslide, who came to the Senate, and so I find in him a sense of kinship that is very valuable. I think it is his year to be chairman of our 1980 freshman class. I take that into account. I recognize his seniority in that regard.

Let me say this: I cannot be persuaded, no matter how eloquently he may state it, that the respective States with the very small amount of money they will get under the State assistance program, that is the ABC component of this bill, are going to be able to do anything for those working families I have discussed. They are going to be compelled, I believe, to say, "Wait, we do not have much money here; to whom shall we give it?" Almost without exception—I think there could be some exceptions in a few States—but almost without exception, I would see the average State legislature, particularly in the big States, New York, California, Illinois, Ohio, Michigan, Florida, Texas, and others, saying, wait, we will put on a means test. We better give it to people who need it the most first.

Incidentally, I did not come here to argue against that concept. I can understand that concept. What I am arguing about is this: In the bill we recognize the existence of the present law. Essentially, if you make more than $10,000 in a family, very little help is provided. For instance, if you are making $28,000 a year, Madam President, and for the two of you working, I argue that is a modest income for two working people in America today, particularly in the big cities of our country, with the cost of living what it is. I am talking about Baltimore, Washington, and Chicago, and other cities. At $28,000 for two working people, the deduction now, ladies and gentlemen—I wonder how many in the Senate know this—is 20 percent of the incurred cost up to a maximum amount. If it is $3,000 for one child, which they say is a national average—I have to believe it is more in most big cities in America—that is $600, and we are not doing anything at all about it. I do understand the cost factors in this. I understand what we are dealing with here. Whenever you talk about less revenue, you are talking about a cost like an appropriated sum.

My friend from Connecticut, I know, has that problem with this bill, as well. That is why this bill is scaled down now. But I have to suggest that we really cannot go home and represent that we passed a child care bill for working young men and women in America with families with either of these bills, either this one or the one that my friend on the other side shortly intends to offer.

I thought at first, for instance, that my friend, the minority leader, had suggested something worthwhile. He had suggested, provide families with children 4 years old and under an additional credit of 8 percent for one child and an additional 4 percent for two or more children, which could be a total of 12 percent, but not more than $500 for the first child and $250 for the second. That would be $750.

Now, that appealed to me, until I found out that they are now circulating the latest explanation of their package, and I understand that this apparently was June 15, and their latest one is not out yet. But the explanation says that the additional credit would initially phase out between $8,000 and $13,000. Do you hear me? Nobody is addressing the problem. The other side is saying they are going to do this through tax credits, making it sound like this is going to be great for everybody. Theirs does not do anything either, unless you are an absolutely working poor person. That is the critical concern some of us have.

I say that perhaps my friends on the other side are not unlike me, but I represented earlier that maybe they had an idea here; but now that I have looked at it, I say to them I do not think they have an idea at all. As I look at the comparison of the two bills now, I have to say that I see the work product of the Senator from Connecticut as being, in my view, superior, from the standpoint of what it will do in the respective States to what is done on the other side.

But I want to return to an issue. I want to return to the fact that I think something ought to be done, however modest, for ordinary working people, ordinary working people of moderate income in America. You know, they always say to us, "What about us poor folks in the middle class, what about us?" I am not even talking about the average middle class. I am talking about low, modest-income middle class people who are not in any way treated in either of the proposed solutions to the child-care problem.

So, Madam President, I will not belabor this longer. I sense that some on that side of the aisle and some on this side feel that the composite effort of both sides has produced something that, when America sees it later, it will not be very valuable for the absolutely ordinary working people of America, all over America, in every town and village and hamlet and big city of this country in the 50 States.

For me this says that we need to find a further solution to the child care problem while this vehicle is before us.

I think we ought to take what we have here and see what we can do to improve it. I know enough about my colleague from Connecticut to know in time the White House and others are going to want to talk to him about a final product, because the President has said that child care is one of the initiatives about which he is concerned.

I say to the President of the United States and I say to the majority party and I say to the minority party, let us work at this problem some more to find a further solution that broadens what we do throughout this land to make it meaningful to ordinary working people.

That would be my final comment beyond saying that I am going to stay with what is being done on this side for now, not just because I am a Democrat, frankly—I am one certainly—but because I look at this as a better beginning effort. I want to further say that I do not see this as the final product that this Senator would want to support.

I say that in candor now and unless there is something further done to it to address the remarks that I have made here that I think are shared by some others, then I would ultimately have some reservations about the final product. I would urge my colleagues to think about these concerns as we go through the exercise we will go through in the next several days.

I thank the Chair, and I yield the floor.

The PRESIDING OFFICER. The Senator from Texas.

Mr. BENTSEN. Madam President, of course we do have a credit now of 20 percent for taxpayers with adjusted gross income in excess of $28,000. It goes to families with incomes to $500,000, $5 million, $50 million.

So we have that already in the law, and what we are now trying to do is this.

With respect to health care, we have stretched out Medicaid to try to help those of very low income. But in this particular piece of legislation we are talking about people who are working, earning an income, but it is a modest income.

The provision that we have from the Finance Committee under title II will give a $500 maximum credit for the purchase of health insurance. The credit will apply to expenditures up to $1,000. This is a credit for low-income working people, and the 20-percent credit on child care is for those people in excess of $28,000.

I have listened to some people around here say that the bill we have before us is not the President's bill. No, it is not the President's bill. But many of the things the President wanted are in this piece of legislation.

The realities are that the President is not going to write this bill and neither is the chairman of the Finance Committee and neither is the chairman of the Labor and Human Resources Committee, nor the chairman of any of the subcommittees, or any of the ranking minority members. It is going to be a compromise, all of us working together, listening to all the groups representing children as to what they think should be done to address the problems of child care and child health.

I recall the writings of Santayana, the Spanish philosopher who once wrote, "Compromise is odious to passionate natures because it seems a surrender and to intellectual natures because it seems confusion."

Which shows you that even philosophers do not get all of the truth on these things because in the Senate we have both passionate and intellectual natures, and we have brought about a compromise to try to address the concerns of each of them. We in the Senate understand the need for compromise very well.

Certainly those of us do who worked on the Finance Committee bill now incorporated in the substitute amendment before the Senate as title II, a bill that represents what we think is the best information we could get, the best ideas we could get from all of those who have testified before our committee.

Certainly, Senator DODD from Connecticut, and Senators KENNEDY and HATCH understand the nature of compromise, and they have done an extraordinary job and worked for months to find mutually acceptable ways of improving the supply of safe, wholesome child care, and the result is we have a better child care bill here before us than we started out with.

S. 5 is now essentially a compromise bill, and many of the points the President wanted are really in it.

The President has emphasized helping children. That is what this bill does. The President has said that we should address both the child care and child health, and again that is what this bill does.

Moreover, while the bill does not include 100 percent of what the President wanted, it incorporates a big chunk of his proposal.

Let me give you an example of that.

The President proposed a refundable credit for child care, and that is in this piece of legislation.

The President wanted assistance to go directly to the parents, rather than to the Government, and that is in this bill.

The President wanted Federal policy to increase, not decrease, the range of choices available to parents, and that, too, is in this bill.

The President wanted Federal support targeted to those most in need, low- and moderate-income families, and that is in this bill, too.

All of the health insurance credit provided under the Finance Committee provisions will go to families with incomes of $21,000 or less. All of the child-care credit will go to families with incomes of $28,000 or less. A nonearmarked proposal offered in the Finance Committee last week lost by a vote of 13 to 7.

All the ABC funds must be used for families at or below median State incomes.

The President did not ask for a refundable credit for health insurance for children. That is true. But this credit, too, is consistent with his goal of not discriminating against families in which one parent stays home to take care of the kids.

There are others more qualified to speak to the part of the bill reported by the Committee on Labor and Human Resources, and the distinguished Senator from Connecticut has spoken at length on it, gone into all of the details, substantiating the product they have worked out. But I would note that the considerable compromise that has been made there involved work with the Governors to establish a procedure for setting model child-care standards. And the National Governors Association supports those standards.

Senators FORD and DURENBERGER worked on the church-state issue. There has been compromise there, too.

In other words, we have worked out our differences to bring about what we think is the best piece of legislation possible. Now it is time for the President to compromise, too. I urge him to review the legislation and how it was designed and accept it for what it is—an effort to help low-income children. Because that is exactly what it will do.

There are those who think the health insurance credit will not increase the supply of health insurance.

But it will. There is a clear economic incentive for families to buy this coverage for their kids. What is happening now, the premiums have increased so much that families just cannot afford it, and they say, "Let's sweat it out. Let's take the risk that none of the kids are going to get sick this year," but they do, and then the parents decide to delay going to the doctor because they just do not have the means to pay for it and they do not have health insurance coverage. I think you are going to see States, hospitals, schools or even churches responding to this credit by creative affordable insurance packages for children.

There is a group in Florida right now putting together a demonstration project where they would provide insurance through the school system and make it available to the kids who are in school and their brothers and their sisters at home, and their parents as well.

We had representatives of insurers testifying before the committee that the industry would respond to this credit, and that they would design products for low income children.

Out in California Blue Cross & Blue Shield have now designed a product there for children that varies by age costing as little as $250 apiece for younger children, and for older children about $300 apiece. The actuarial value of the child portion of the Blue Cross/Blue Shield standard option for Federal employees is about $1,000. It gives you unlimited hospital care, and well-child services—a substantial package of benefits.

Now, I think that this bill will bring about something that is really worthwhile in increasing health insurance coverage for children.

The Health Insurance Association of America certainly agrees with that. They concluded this would make a dramatic difference in the proportion

of low-income families who would buy insurance for their dependents.

George Farr, president of the Children's Medical Center of Dallas, in testimony before the Finance Committee today, spoke of the need for reforms that build a public-private partnership to provide access to health care for children in low income families. He told us that children's hospitals know from firsthand experience that declines in employer-paid dependent coverage increase the numbers of uninsured children, and they support the tax credit in this bill that will increase health insurance coverage for children.

When the Joint Tax Committee estimated the cost of the credit, they concluded it would help a lot of people already insured, but struggling to pay the premiums. But I would be surprised if there are not families who need children's coverage that now decide to buy insurance.

Remember, what you see out of the joint committee is a static analysis: that is without the incentives added, that is without that carrot put out there, that is without the specially designed product to take advantage of this kind of a market. That's the way they estimated the child care credit, too. So the charge that there will be no increase in the supply, if you want to use that kind of a charge, is equally applicable to the President's proposal. If for some reason you think you are going to vote against the health credit on that ground, remember that same charge can be made against the President's program.

Madam President, in my part of the country it used to be the custom for families to stitch together quilts from whatever scraps of cloth they could find around the house. They were not made with the uncompromising singleness of vision that comes from one bolt of cloth, but they had a beauty all of their own.

With our combination of Medicaid, maternal and child health, and other programs, we, too, are creating a kind of quilt. It is a quilt that incorporates a variety of strategies, complementary strategies, that help each other.

Madam President, over the last few weeks, we in the Finance Committee have heard about the serious problems of those without health insurance. We have heard about rising premiums. And we have heard about those employed in small businesses who do not get the plans offered routinely to employees working in companies that are in the Fortune 500.

We have heard about small kids left in the house alone while their parents go to work. We heard just the other day of a young mother here in the Washington area who asked her husband for money for a babysitter so she could go to her job. He did not give it to her, so she took the baby with her. She went in to clean the house for the people that she had been employed by, and she thought she had no option but to leave the baby in the car. She locked the car. It was a very hot day. That child died.

Now, I cannot tell you that this piece of legislation that the Senator from Connecticut has designed would see that that did not happen, but it would sure help, and it would lessen the odds that it would happen.

So I call on the President of the United States to approach these problems with the urgency that I think they deserve. Compromise may be odious to some, but it is necessary to us in a congressional body and it is necessary to the millions of uninsured American children.

I heard some comments the other day on the floor of the Senate that somehow the chairman of the Finance Committee had rammed this bill through. I am not above that, but it did not happen in this situation. Because as we put this package together, I turned to the members of the committee and said, "I will give you a chance to vote on each of these provisions, if you like them or you don't like them. And when we get through, we will vote on the package because it is complementary. One part of it helps the other part and gives a more complete answer to the concerns and the problems of young children today and what should be done to try to help them insofar as appropriate child care and better health care are concerned."

I think that is the only way that this quilt can be finished and begin shielding those children.

Mr. DODD. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CHAFEE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAFEE. Madam President, I have been involved in addressing the needs for better child care for many years. In the past few weeks, as I have watched the debate on child care continue and the different proposals involved—and I might say the evolution is not yet completed apparently—I have become increasingly concerned. It seems to me that our original goal—providing parents with child care—has become somewhat obscured.

Let me take a moment to outline what I think we are trying to accomplish. First and foremost, our goal is to ensure that the parents have access to decent child-care services for their children. More specifically, we want to make sure that parents, especially single low-income parents, can afford child care and that they have some peace of mind that their children are being well cared for at child-care centers or in child-care homes.

To achieve this goal, it seems to me we must address three important aspects of child care: Affordability, availability and quality. This involves assisting parents in purchasing care, encouraging people to become care givers, providing opportunities for private and public partnerships in day care, developing new day-care facilities, and enhancing the quality of the care provided.

Given these goals—affordability, quality, accessibility—how do these bills before us size up? The ABC package includes an authorization for $1.75 billion, that is the authorization level. The appropriation level could be less than that. In any event, it provides for a direct grant to States to enhance and encourage child-care services. One hundred percent of this funding would go directly to the States. It is then split up into the following four categories. Seventy percent must be used for direct assistance to the families. That is 70 percent. Twelve percent must be used to increase the availability of care. Ten percent must be used to improve the quality of care—for example, better training for the providers. Finally, 8 percent is provided for State administrative costs. Let us review the numbers: 70 percent for direct assistance to families, through vouchers, through contracts, through grants; the method of funding is left up to the States. Twelve percent of the funding goes toward increasing the availability of the care. For example, the State may choose to offer low-interest loans or grants to potential providers to provide the setting for day care centers. Ten percent must be used to improve the quality of care, and finally 8 percent is allotted for the State administrative costs.

Direct assistance means a direct subsidy to poor families. Quality and availability means encouraging expansion of facilities, resource and referral programs through which parents can learn of child-care services, public-private partnerships, training, and grants or loans to care-givers, among other things.

To receive the funding, a State must establish its own child-care standards, and put up a 20-percent match. This is 80-20; 80 percent Federal, 20 percent match from the States. Again, it is then up to the States to decide just how the assistance is distributed. But the States' distribution scale must focus on families with the lowest income, so that in the case of the very poor, they could receive fully-subsidized day-care services.

The ABC package also includes a tax credit. During tax reform in 1986, millions of poor families were taken off the tax rolls. By this action, we inad-

vertently disqualified those same families from receiving the dependent care tax credit. The ABC package corrects that inequity by making refundable, and slightly increasing, the existing dependent care credit for the lowest-income individuals. This will make it possible for low-income families to receive a credit of 30 to 34 percent of their child care expenses of up to $2,400 for one child or $4,800 for two or more children.

These are the basic child-care provisions ABC package before us.

Now let us examine the proposed substitute. Like ABC, the substitute makes refundable the existing dependent care tax credit so that poor families might benefit. Again, these poor families will be eligible to receive a credit, in their weekly paycheck, toward their child-care expenses whether or not they earn enough to owe the Federal Government any tax.

The substitute proposal also has a direct grant, of which 100 percent is given to the States to enhance child-care services. The proposal would provide $400 million per year to the States for this purpose, and require the States to provide a 15-percent match. Seven percent of these funds would be reserved for administrative costs. The remaining amounts could be used at the State's discretion for activities such as encouraging the expansion of facilities. It might be used for what is known as resource and referral programs, where a parent could call to find out about local child-care services. Some of it could also be used for public-private partnerships or training or grants or loans to care givers, loans for safety and health purposes.

This part of the substitute is quite similar to the ABC proposal, but there is a major difference. The substitute package would not allow the funds to be used to directly subsidize child-care services. Neither could funds be used to pay for the construction of new child-care facilities, or to satisfy the matching requirements for another Federal grant.

In addition, the substitute proposal creates a young child supplement to the existing earned income tax credit. The earned income tax credit would be changed so that the low-income families could receive an additional amount of credit if they have a child under age 5. For the first child, the family may receive another 8-percent credit. For two or more children under the age of 5, the family receives an additional 4-percent credit. As with the existing earned income tax credit, both spouses do not have to work in order to receive the credit.

There is no question that both of these measures—the substitute proposal and the ABC package—attempt to reach our goal: access to decent child care for parents and for their children. I am not at all convinced, however, that either bill sticks to this goal. Both include provisions that seem to me to be ineffective or just plain unrelated to our child-care goal. As a result, in both proposals we have provisions which, in my view, are incorrectly labeled as child-care provisions.

The ABC package, known as a child-care package, contains a new health credit and a revision of section 89. It is difficult to fathom how either health credits or section 89 directly relates to child care. I hope that the section 89 revision will ultimately be separated from any child-care package. While it is clear that section 89 has no business being included in this package, the inclusion of the proposed health-care credit is less clear. This proposal was developed under the rubric of child care, but it has little to do with child-care matters. I am distressed that it has been added to the ABC bill.

For the past 8 years, many of us—particularly those in the Finance Committee—have worked tirelessly to improve the health care status of low-income children and their families by improving and expanding the Medicaid Program. We have struggled every year to find small amounts of money to pay for limited expansions in the coverage.

But today we are talking about a $1.5 billion proposal that does not expand health-care coverage at all, but rather subsidizes those families already receiving health-care coverage. The estimate of this provision does not recognize any increased number of individuals who will be covered by it. In other words, the $1.5 billion is solely for those already paying for health insurance. We would be relieving them of the burden of paying for their current level of health insurance coverage.

If we used this same amount of money to pay for an expansion of Medicaid, we could assist up to four times as many individuals who are currently without any health-care coverage. In a time of limited funding, it seems to me wasteful to consider a proposal which does not address increased access to care.

The substitute also has its flaws. It includes an expansion of the earned income tax credit that carries a cost initially estimated at around $1.5 billion.

The funding that it would provide for low-income families falls far short of truly helping those families pay for structured and reliable child-care services. The small additional credits that would go to those families could not make significant dents in $2,500 worth of annual child-care expenses. Indeed, the money is not tied to child-care expenses. Child care for many low-income families is a cost that can nearly equal the cost of rent. An additional 8 percent credit is not the answer to paying for child care.

In addition, the substitute provides a block grant program which precludes States from using funds to subsidize the cost of child care for low-income families.

If we are here to address child care, why are we choosing between two packages that are cluttered with other matters? All of these other things—section 89, the expansion of the earned income tax credit, health credits—have substantial price tags literally in the billions of dollars. And yet we are not debating any of those provisions, most of which were drafted and brought to the floor in a matter of days. If those provisions were singled out and debated on their merits, I have grave doubts they would receive as much support.

We have a tremendous national budget deficit, and we must ensure that we reserve our spending for our priorities. We are looking at some very difficult times ahead, hard times that will be felt by our children and our grandchildren. But here we are considering provisions with huge price tags that have very little to do with the matter at hand: child care.

I, for one, have been one of the most consistent and outspoken proponents of improved health care services for children in low-income families. The health care tax credit will not achieve that goal. At a later date I may well propose an amendment to strike this health-care provision because, as one deeply involved in these issues, I strongly believe we can find a more effective way to spend that $1.5 billion. I would rather see the money spent on the Medicaid Program, on which I and other Senators on the Finance Committee have been working for many years.

I also feel strongly about expansion of the earned income tax credit. Given our goal of child care, it right now seems to me to be an inappropriate use of limited funds.

It seems to me that we ought to spend our time right now considering child care and child care alone.

(Mr. KERREY assumed the chair.)

Mr. CHAFEE. ABC and the substitute proposal have very similar bases: a refundable dependent care credit matched with a block grant to States for use as they see fit.

It seems to me that the pivotal points—and I have listened to arguments on both sides of this, and look forward to hearing more discussion on it—is how parents, low-income parents in particular, will be assisted in finding and paying for child-care services. That should be one of the most fundamental goals of any child-care package we adopt.

In the ABC package, using a best-case analysis, low-income parents

could be fully subsidized. Since the State must target the bulk of the funds to low-income families, it is possible that families with very low income could be fully subsidized for the cost of child-care services.

In the substitute proposal, low-income parents could receive, as I see it, using a best-case analysis perhaps 30 to 40 percent of that money they need for child care. That means that they will still have to pay a substantial portion of their child-care expenses.

Those in favor of the substitute will argue that far more children will be assisted under that program than under ABC. And that greater options are offered by the substitute. The problem I face, however, is when considering the low-income individual. For example, an unmarried mother with two children who is trying to get off welfare by working. Any tax credit she receives, refundable though it may be, is not going to cover her child-care services.

It therefore seems to me that so far the ABC answer seems the preferable answer. There may be better answers floating around this floor that may come up as debate continues. But ABC seems to me to be a very, very important measure, and one on which I will be listening to arguments as we proceed in the ensuing days.

I thank the Chair.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, very briefly, I want to take a moment to thank our colleague from Rhode Island. He has been of tremendous assistance over the last couple of years on this legislation. He has on numerous occasions made suggestions. In fact a good part of this legislation reflects some of the concerns that the distinguished junior Senator from Rhode Island has raised. I want to take this moment to thank him for that. He has pointed up again some of the concerns that many people have.

I have lived with this now for so many months it is impossible almost to draft a piece of legislation that satisfies every one because so many different people here have different views as to what our focus of attention ought to be.

We try to put together something here that reflected at least some consensus on some ideas, and to no small extent JOHN CHAFEE of Rhode Island has contributed significantly to that product. I do not want the moment to pass without thanking him for that contribution.

As we all know, I have said this, and Senator HATCH has said this as well. I would prefer that we were dealing with maybe some amendments to this proposal rather than trying to come up with totally different alternatives to it. That is normally the way to do a legislative product. I have not shut the door to ideas. I do not believe anyone has cornered the market on the best ideas in this area. We are more than willing to listen to ideas on which ways we can make this a better piece of legislation. I certainly would not want to suggest that is impossible at all. I think it always can be improved with good people of common intent working together.

So I join with the Senator from Rhode Island in expressing the view that as this debate unfolds over the next 24 hours or so maybe some additional ideas will emerge here that will help us improve that product. It seems to me that is a better way to be approaching this. Given the hours and days that have been spent by the Senator from Rhode Island, by the Senator from Utah, and by many others who have worked on this, that is the way I would prefer we go.

But I thank him for his comments, commend him for his activities. He has been a real friend to children and families over these last several years.

Again, in no small measure we are here, and this product really reflects a lot of his ideas and thoughts as we have moved along that road.

I thank him.

Mr. CHAFEE. Yes. I want the principal sponsor of the legislation to realize that I am not very happy about that child health care provision because, as he mentioned, in coming up with this legislation he had to accept some things that perhaps he would not have, had he had the choice.

But that health-care provision seems to me to be unfortunate. Everybody is for health care for children. There is no problem over that. The problem is that if you are spending $1.5 billion, but are only taking care of those people who are already receiving the health insurance, you are not making any progress. It makes even less sense when we realize we have other vehicles out there, such as Medicaid. Extension of the Medicaid program, which we have all worked on, would provide far greater coverage for far more children. In direct contrast, this proposal targets individuals who are currently covered. That is one of my great difficulties with this provision.

I want to thank the distinguished Senator from Connecticut who has put so much time in this, and has given excellent leadership.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PRYOR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 200

Mr. PRYOR. Mr. President, I have an amendment that I send to the desk at this time, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Arkansas [Mr. PRYOR], for himself and Mr. BUMPERS, proposes an amendment numbered 200.

On page 8, line 15, delete "16" and insert in lieu thereof "13".

Mr. PRYOR. Mr. President, this amendment is very simple. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senate will come to order.

Mr. PRYOR. I thank the Chair.

Mr. President, this amendment is very simple. Under the legislation now pending on the Senate floor offered by the distinguished Senator from Connecticut, that legislation, as I understand it, says that children will be eligible for the child care program, basically, up until the age of 16; I believe this is correct. To my way of thinking, this age should be limited to those who are up to the age of 13.

On behalf of myself and Senator BUMPERS, my fine colleague from Arkansas, we are proposing this amendment at this time to reduce the age of children eligible under the ABC grant program from 16 to 13 years of age.

We think that this change will allow the funds to be more carefully targeted to the circumstances where the need is greatest. The funds provided through the Act for Better Child Care will be very critical to enabling the States, respective States out there, that will ultimately set the rules and the policy of the program, to meet the needs of families.

However, even at the authorization level of $1.75 billion, these funds cannot take care of every existing need. I believe that rather than spreading funds too thin, that they should be better targeted and more targeted, Mr. President, to those in the younger or earlier age category. This is why Senator BUMPERS and I join together in this amendment.

It is a proposal that we think is sound, and it is also a proposal that keeps in mind the dependent care tax credit and coincides with the same age in the dependent care tax credit, as we see it in our tax laws today.

It also makes the two child care components of the Mitchell amendment, which will ultimately be considered in this Chamber, coincide and consistent with each other. We think that a great deal of work has gone into putting together, compromising, negotiating a comprehensive bill, and this is one of those elements of this legislation, hopefully carefully crafted, that will

make this legislation stronger and more acceptable.

Mr. DODD. Will my colleague yield?

Mr. PRYOR. I will be glad to yield.

Mr. DODD. Let me commend our colleague from Arkansas, along with his colleague, Senator BUMPERS, for offering this amendment. We have discussed it, and the Senator has very accurately described what this amendment would accomplish.

Reducing the eligible age to under 13 and making the two parts of the bill consistent so the dependent care credit, which is the age to qualify, now the ABC part, would be exactly the same age. It also would have the effect of making it possible for the States, under the ABC part of this bill, to allocate a greater percentage of funds to families that are poor or are higher income, depending upon what each State wants to do, because the age limits will be reduced; therefore, there is potential for greater concentration of resources to go to needy families.

The whole question of latchkey children—there are 7 million latchkey children in the United States. We can hardly pick up a newspaper any day and not read where some child has been terribly injured, or worse, because they are not supervised. I always found it interesting—if people want to engage in a little test, particularly in smaller towns in America. because it is harder to get this reading in a large city, but in smaller towns in America, to try and make a phone call about 3:15 or 4 o'clock in the afternoon—and I am assuming schools get out about that hour most places—there is a delay between the time you dial the last digit and when that phone number actually rings in.

The reason for it is very simple: that mothers and fathers across that community are calling home to find out whether or not their children are home safe and sound. They will then spend the 2 or 3 hours, of course, home alone, in many cases. One out of every six fires in Newark, NJ, is caused by a latchkey child. Numerous statistics indicate the potential for harm that exists with minor children going unsupervised.

My colleague is guaranteeing that these children will get supervision. So he is lowering that number, but not so low as to fall out of the middle school or intermediate school category. I support his amendment. I think it adds to the bill and puts us in a system of harmony. I strongly support this amendment.

Mr. HATCH. Will the Senator yield?

Mr. PRYOR. I will be glad to.

Mr. HATCH. I compliment the distinguished Senator from Arkansas, as well. It has bothered me a little bit that there is only limited funding that we can do in this Congress, with the budgetary constraints that we have upon us, and I think that once we reach the age of 13, we will have to make adjustments there. So the Senator's amendment helps this budgetary problem, while recognizing that there is only so much we can do.

It is certainly better than just taking care of those stages, 1 to 4, which is what many in this body would like to do. Now, that is important. To me, it is extremely important, but they are not the only people who need care. What about a 5-year-old? What about a 6-, 7-, 8-, 9-, 10-year-old? And 11 and 12, is an appropriate cutoff.

I want to commend the distinguished Senator for this amendment, and on this side we are certainly going to take this amendment. I think it is a good amendment. It is just one of those refining amendments that we have asked for. We have asked for intelligent refinements to this bill that will help us to make it a better bill, and both of us are open to that; and we appreciate the distinguished Senator and his amendment, as well as Senator BUMPERS, on this matter, and I commend you for it. We will be willing to accept it, as well.

Mr. PRYOR. Mr. President, I want to thank both of the distinguished Senators, from Utah and Connecticut. I think this demonstrates the willingness of these two fine Senators, who have worked so long and hard on this legislation, to deal with accommodating those various needs that each of us have.

As we have gone to you during this last year, year and a half, 2 years, you have been most accommodating, not only to listen to some of the concerns that we have offered, but also to attempt to deal with those concerns in a proper and constructive manner.

Mr. President, before I yield the floor, my good friend from Connecticut was talking about the latchkey children, and he was talking about the busy signals that you get about 3:15. I have to, if I might—if the Senate will allow me for a personal reference, I guess I was a latchkey child, and I did not realize it. We did not have what you call day-care centers during that period, but I remember every afternoon—and I see that the Senator from South Carolina began to laugh. He probably went through the same thing. He and I are in the upper-age category around here, but Senator DODD and Senator HATCH, they will not remember this. But I remember every afternoon when I got in from school, the first thing I would do when my mother was not home, I would pick up the phone—and this was even before the dial system; that shows you how old I am—and on the other end of the line would come Lucy Mae Phillips. Lucy Mae Phillips, in our little town, was the only telephone operator in town, and I would pick up the phone and she says "David, is that you?" I would say, "Yes, it is, Lucy Mae; where is mother?" She might say, "She is over Miss Harriet's playing bridge this afternoon. She will be back around 5 o'clock." I would say, "Fine." If I did not get home, my mother would call central, and Lucy Mae would answer the phone, and Lucy Mae always knew where I was in town, whether I was playing football, or at practice or wherever; but I think that demonstrates how times have changed. That no longer exists. We see it work for us today.

As Senators DODD and HATCH have said, 57 percent of the couples that have two jobs and have children—and this is an attempt, I think a refining attempt, and I can assure the two distinguished authors of this legislation that it is a good-faith effort on our part, Senator BUMPERS and myself, to correct something.

Mr. DODD. Let me say that even though this gray head of mine does not recall Lucy Mae, living in Lebanon, CT, where I grew up in a rural town, I wish, in a way, that America had a lot more Lucy Maes around. I think it is sad, in a sense, that we do not live in a country like that any more, where people watched out for one another and cared for one another. I am saddened, in a sense, that we have to go through this, and I do not like that; I must tell you that.

I wish we had a different kind of a country that made it possible for parents to spend more time with their children. So it is not with a sense of glee that I proposed this bill.

I would say those days that my colleague lived in were the same for many of us to some degree. I never remember a day when I ever came home from school that my mother was not there. I did not recall a day when I walked through the door that I did not bellow in that house, and bellow if she were home.

That is the way my five brothers and sisters and I grew up.

Today, unfortunately, only 1 in 10 families in America have dad at work and mom at home, and that number is shrinking. But I do not know how you legislate that. All you are trying to do is at least approximate for some of these children an environment where they can get some proper education, to relieve parents of that anxiety that they feel about wondering where their children are and who is watching out for them.

So I commend my colleague for his amendment. I think his story about Lucy Mae is an appropriate one, and I am sure there are many of our colleagues here who could tell that story about their own community in which they grew up, but I thank the Senator for it.

Mr. PRYOR. I thank my distinguished colleague.

I ask unanimous consent that the Senator from Illinois [Mr. DIXON] be added as an original cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PRYOR. As a final bit of trivia about Lucy Mae Phillips, I was the ringbearer in her wedding at age 5, and I will be glad to show to the distinguished Senator from Connecticut a picture of me when I was 5 years old in a white satin suit carrying the wedding ring for Lucy Mae Phillips.

Mr. DIXON. I would like to see it.

Mr. DODD. If my colleague will yield, I might suggest that he try to find one of those today. There was a day in the Senate where they wore white satin suits.

Mr. PRYOR. I will tell my friend, I think it would be right in style. Who knows, I might try to get one made up one of these days.

I thank the very distinguished Senator.

The PRESIDING OFFICER. Is there further debate on the amendment? If not the question is on agreeing to the amendment of the Senator from Arkansas.

The amendment (No. 200) was agreed to.

Mr. DODD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PRYOR. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I rise in vigorous support of this important bill. Incidentally I wish the RECORD to show, since we are talking about Lucy Mae and the reference was made that at my age I could appreciate Lucy Mae, that I am fully 20 years younger than the senior Senator from South Carolina. Nonetheless, I do remember Lucy Mae. The Senator is right.

Mr. President, this bill has the potential to change this Congress and this Government, change our approach to problems. Heretofore, we have had a rather crass political approach, Mr. President. As a former Governor, I know that you are someone who has had the hard experience of actually governing. The majority of this body has not.

The fact is that we in this Congress have become a bunch of pollster politicians, worrying about how our voting record will be used against us. In fact, a record is a deterrent to reelection, contrary to what we hear about the advantages of incumbancy. You commission a poll. You get a consultant. You learn how to frame a 20-second sound bite.

The admonition time and again by all the campaign consultants is, for goodness sake, don't say anything about what you actually intend to do. That will cost you votes. All you need to say in the 20-second sound bite is "I am concerned." As a result, we do nothing in this Congress.

We do nothing for the needs of Government on the one hand, and the needs of the young, the needs for the future of this country, on the other.

We have a poor track record already this year. When it came to the matter of Central America and the Contras, we finessed that off to the OAS, the Organization of American States. The OAS has not done anything yet and they are not going to do anything, and we know it, but that sounded responsible at the time. That satisfied the pollster. We identified the problem. We expressed concern about Central America, but we did nothing about it.

When we got to the savings and loan, we identified the problem, but we put it off budget. In fact, it has almost reached the point where we put the budget off budget. And of course when we considered the catastrophic illness tax, we said we will put that off until September.

Now, for once we are beginning to really face up to an urgent need by offering this landmark child-care bill.

Mr. President, I can take you back 30 years, and show you examples of how poor people have scrambled to piece together child care to free themselves to work. I remember visiting a black church on Spartanburg Avenue in Greenville. I remember seeing some 67 infants in the cellar of that church with three of the volunteer mothers minding the 67 children so the other mothers could work. Yet I would have to go to the civil club and hear the know-nothing remarks about, "If you feed them, they will never work." I was working at that time, of course, on a hunger bill.

But I could see the commonsensical approach of those who were trying to break out of that welfare syndrome. You do not have to worry about the poorest of the poor pulling their weight, because where there is the least amount of ability they are trying their deadlevel best to break out of poverty.

In my campaign in 1984 I was campaigning on the famous highway 128 going out of Boston up into New Hampshire, at the Wang facility there. It so happened that a young lad whom I knew was an executive to Mr. Wang running that operation. I was taken through the plant and was impressed by the finest child-care center I have ever seen. It had everything.

I wish I could put an amendment that would triple the funding for this bill. To those who are saying we are spending too much, I wish I could show them what a quality child-care center consists of. Of course, those first-class child-care facilities were an inducement by Wang, Inc. to attract the best of the best employees.

If you had a choice of working with Wang or another corporate enterprise, in that area, and they have the best of America out on that highway, you would say, "Look, I can go to work at Wang and my child care, my No. 1 problem at home, is now going to work with me because when I get a break at lunch or if something happens of an emergency nature, all I have to do is take the elevator down to the child-care facility and I can see how my child is being cared for."

So the richest of the rich and the enlightened corporate management are all in favor of quality child care.

I have seen the demand for child care in the middle-income or less-than-middle-income groups. We are about 39th nationally in per capita income in my State of South Carolina. We have a program to develop the industrial arts and skills for workers in high-tech industries. They now have included a course and curriculum at Greenville Tech to train those who would work, whether for churches or for corporations, for schools or otherwise, in child-care facilities funded by this bill; we are now training the directors and supervisors of these new child-care centers.

And, of course, the statistical information presented by Senator DODD and Senator HATCH is overwhelming. Sixty percent of working mothers have a child-care problem and 100 percent, including this Senator, whose children are now grown and having grandchildren, have this problem.

And so this is really a national approach in tune with the sensitivities and sensibilities of the local community and the individual parent. Those considerations have been foremost in the minds of the drafters of this legislation.

I would like to digress briefly to commend Senator DODD and Senator HATCH on this bipartisan approach. I hear there is a partisan amendment coming. I hope nobody is trying to get the high ground or seek partisan advantage on this bill.

I put in a bill, tried to get one through 6 years ago, 7 years ago. I worked with Senator HATFIELD. You will see our child-care bill that we put in last year gained support under title XX of the social services block grant.

Having labored for years in this particular field, I can tell you now that these gentlemen win the award for the most deliberate and thorough and sensitive and commonsensical approach to a problem I have seen up here in many a year. There is an old saying that you should never watch how sausage is made or how laws are made. But this bill is the great exception. We have worked on bills and passed a billion in funding here and 2 billion there, in-

serting a little phrase here or there without any hearings, without any consideration.

But in a bipartsan fashion, these gentlemen and those on the Labor, Health and Human Resources Committee have worked with the Children's Defense Fund and gained support and consulted with Governors, legislators, the Catholic Church, the Christian action groups, and right on down the list to try to fashion a childcare bill with the concerns of these particular groups in mind.

It is a very, very complex and controversial subject. I was present in the early 1970's when some were saying that the child-care bill would be like communism and take over the family. Now we know how silly that was.

The family is not being taken care of except by that working parent. The working parent has got to take care of that child, and we are not now making any provision to aid that beleaguered parent.

So when it comes to the working poor, when it comes to the facilities, this bill is a bellwether. It is a bellwether, Mr. President, in the context of changing the direction of Government here that has been purely political in its preoccupation with gaining votes. We have been buying the votes of our senior citizens with the fruits of the next generation. We do not put a tourniquet on the deficit hemorrhage because we are going to continue to spend on those who can vote. After all, the polls tell you that posterity can do nothing for you, so there is no need to do anything for posterity. So to heck with the next generation. The consultants say that if you want to get the votes, you have got to be professional about this and forget about taking any pride in providing for the future.

Not long ago, I attended an annual dinner of the chamber of commerce, and our friend Charles Kuralt was the speaker. He was summing up his 40 years of writing and observing in America. The one thing that stuck out in his mind and conscience was the lack of concern today for the children in America, for the next generation.

But if you go back to the earliest days of Jefferson, Madison, and Hamilton, you will find that all of Government was focused on providing for the future. They were thinking of that next generation.

In the Civil War and in the darkest days of the Depression, Kuralt reminded us, the rhetoric was always focused on the next generation and the future. But not for the last 10 to 15 years in this National Government. Yes we provided abundantly for Social Security, we did not hesitate. Everybody is for that. We spent $16 billion more and fixed Social Security. Likewise with Medicare; Medicaid. You look at Medicaid funds, 75 percent go to the senior citizens, only 25 percent to the young of America.

But we voted in the Older Americans Act, lower energy income assistance, elderly housing, and so on. As a result, we reduced the senior citizen's percentage in poverty from some 27 percent in 1959 to some 12 percent today. We have done well. I voted for those bills. I support them. I am not pitting one generation against another.

But I have resented the idea that we could not do anything for the children, until the Dodd-Hatch bill came along here. And now, let us examine how we have been denying the children and why we finally need this bill, and, indeed, how it saves us money.

What we have done in the last 6 or 7 years, I say to the Senator, is that we have cut the WIC Program—Women, Infants, and Children—so that it now reaches on 40 percent of those eligible.

You have 13 billion brain cells and I have 13 billion brain cells. And 10 billion of the 13 billion develop during the first 5 months in the mother's womb. Due to lack of nutrition, the lack of protein, there occurs as much as 20-percent less cellular development in the human brain during that first 5 months. And that child comes into this world with what is called generalized or organic brain damage.

It is like taking a television set off the desk here and dropping it on the floor. You put it back on the desk, you turn it on, the hundreds of wires in the TV do not come together. Likewise, the billions of cells in the human mind do not connect if the brain is malnourished. That child is uneducable. It cannot concentrate.

It gets into the first grade, the second grade, it gets a promotion socially. But it cannot read. It drops out, turns to crime, and so on.

The Presiding Officer, and I, as Governor, have learned long since that it is cheaper to feed that child than to jail that man. But this Congress will not do wake up. I would save $3 for every dollar spent on WIC. There are 4 million eligible poor out there who have been dropped from the rolls. We could save billions if we could extend Womens, Infants, and Children out, not to mention the other health costs that have come along, the penal costs and everything else. We cannot save money because we do not understand the economics of human development.

What did we do with respect to Aid for Families with Dependent Children? In 1973 to 1984 we served 84 out of 100 eligible under AFDC. Now we serve less than 60 of 100. What we have done is kicked millions of those children who need AFDC off the rolls. But we all claim to be economizing. We are complying with Gramm-Rudman-Hollings.

Well, baloney. We are not complying. I am one of the authors and I can tell my colleagues that is a phony claim, to say we are complying with it. I stood on the floor when Senators said they brought our budget deficit down to $100 billion, and I dared them to bet me that it would end up nearer $150 billion. Nobody wants to take me up on the bet.

But do not talk about economics and the budgetary restraints and constrictions. In the Head Start Program, 2.5 million are eligible, but only 18 percent are covered: 450,000. We had 25 percent covered in 1978. So we kicked off 175,000 during the last several years, saying we are governing up here. But we are providing $300 billion for a bunch of rascals in the savings and loans. We can find that money.

The bankers, they have to be kept whole. But the youngsters, the infants, the next generation, they cannot vote. To heck with them. Let us look to the next election.

Syracuse University made a study: We save $6 for every $1 we spend in Head Start. We ought to be spending much more. It saves in the dropouts. I will never forget, I had a dropout at 87 percent in high-risk groups. With the combination of Head Start and title I beginning in the 1960's, we cut that rate down to around 30-percent dropouts. If we really want to do something and save money, we ought to be doing that. Instead, we cut half a billion from title I for the disadvantaged. We used to have 75 out of 100 eligible who were served. We reached them. We are now only reaching only 54 out of 100, in the disadvantaged, or title I.

The School Lunch Program has also become a disaster. Between 1981 and 1984 we cut $1 billion out of the program. As a result, there are 3 million fewer kids getting lunch, and there are 500,000 fewer getting breakfast. Again, we are back to trying to keep their concentration in the classroom. We are trying to cut back on illness. This is the only solid meal they get.

Ask LLOYD BENTSEN, from Texas. I will never forget, we studied down there on the Mexican border, these little Mexican kids down there in Texas. Their alertness and their attendance and their truancy. The truancy dropped, the alertness increased as a result of that hot breakfast. We even extended it down there.

But, oh no, we are very fiscally responsible because we cut 3 million off that lunch program, and then another 500,000 off the breakfast program.

I could talk further on drugs, on the penal costs, on education. These are all related to the child-care crisis.

My point here is that we are taking a positive step toward responsibility with the Dodd-Hatch ABC bill. It is a bipartisan initiative. I will debate the merits of this bill with anybody who wants to discuss it. As I am trying to persuade my colleagues here in the U.S. Senate: This is the one bill we can

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finally hold our heads high about and say: for Heaven's sake, now we are going to provide for the next generation. It is economically not only feasible but desirable. I am going to save literally billions in every regard, from penal costs to health costs, reeducation costs. We can start here with this child-care bill and make a proper start. That is the word to emphasize.

This is just a start. Senator DODD and Senator HATCH have pared back, trimmed their sails in order to get a good start in a deliberate fashion. And that is a healthy way to do it: Working with the local communities finding out how they handle it in Connecticut and in South Carolina; giving discretion to the Governors, and so on. I do not know of a better thought-out measure in my time in the U.S. Senate than this ABC bill. It deserves the enthusiastic support of all of us.

Maybe there are a few other amendments, I do not know. But let us not just pair off and see whose bill is going to kill the next Senator's bill or vote on party lines. This has been the bipartisan bill. There has been no intent to make it a partisan measure. I hope we do not get partisan amendments up here. But if we do, we will have to come back and debate them and call them for what they are. We will fight to keep this excellent bill intact.

Mr. DODD. Will my colleague yield?

Mr. HOLLINGS. Yes.

Mr. DODD. I know my colleague from Nebraska has a comment he wanted to make but I did want to commend our colleague from South Carolina for his remarks. I do not know of a person in this Chamber, Republican or Democrat, who has been a better champion of the nutritional needs of children.

Over the past 20 years or more, long before anybody was talking about it, the Senator from South Carolina was talking about the relationship between adequate nutrition a child gets and that child's potential for performance; that when you deny the nutrition you almost guarantee that even a child coming from the best of families with all of the other tools available is not going to, likely, reach his or her maximum potential. So the nutritional aspects of what children receive in hot lunch programs at every public school in this country today, when women and children receive under the WIC Program and a host of other programs, they can thank the Senator from South Carolina that is available today.

Regrettably, Head Start, another one he mentioned, we only served 19 percent of Head Start Program. There is a program that is 25 years old. If you go back and take a child, Mr. President, out of a Head Start Program and a child not in a Head Start Program from the same neighborhood and compare statistically what has happened to those children, you find the Head Start kid, more than likely, finished high school, more than likely will not end up in the juvenile justice system, more than likely was not a teenage parent, more than likely is a productive citizen raising a family today. Regrettably, that other child has fallen into problems with the juvenile justice system, dropout, teenage parent and the like. We now know that program has worked, and many of the same criticisms being raised about the ABC bill, I might suggest, were raised about the Head Start Program when it was started.

My colleague from South Carolina deserves a tremendous amount of credit for what he has done over the years. We have, of course, increased the Head Start Program in our bill as well by $250 million as part of the ABC bill because we recognize the value of a proven product. As well, of course, we include the standards that adequate nutrition be part of the program of the child-care centers so they are not eating junk food and carbonated drinks and calling it food during the day; that there be some nutritional guidelines there so each State will decide what they are and insist upon them. We are told that is denying choice to parents because we want to see some basic minimum health and safety standards in place.

I cannot thank my colleague enough. He has been a sponsor of this bill. He stood with me a few feet from where I am standing today 2 years ago and stood before the press and said, "I support this legislation. You get the authorization and I am going to help you get the appropriations for the ABC bill." I will never forget that statement. He has been unflinching in his support over the last 2 years. The children of America owe him a debt of gratitude. I thank him.

Several Senators addressed the Chair.

The PRESIDING OFFICER. (Mr. LIEBERMAN). The Chair recognizes the Senator from Nebraska [Mr. EXON].

Mr. EXON. Mr. President, I rise today in support of S. 5, the act for better child care. I am pleased to join Senator DODD and Senator HATCH as cosponsors of this very important piece of legislation.

I want to say that I would like to be associated with all of the remarks that have just been so eloquently given by my great friend and colleague from South Carolina. Yes, he has been the leader in this area for a long, long time, I say to the Senator from Connecticut, and I thought your remarks were also appropriate. I also know in our close association over the years on the Budget Committee, it has been Senator HOLLINGS who has led time and time again in the WIC Program, Women's, Infant and Children, and the school lunch programs and others. Of course, I include Head Start.

The first time I ever heard of the Head Start Program must have been 20 years or so ago when Mrs. Frank Morrison, then First Lady of the State of Nebraska, was talking informally with a group of us one day and was telling us about the Head Start Program. We had just gotten it started in Nebraska at that time. She was active in it. She said, "Today I saw an amazing thing. I saw a 7-year-old girl that had ridden in an automobile for the first time in her life today in Lincoln, NE." That was a part of the Head Start Program.

I think it brings home what Senator DODD has just said with regard to how important it is that we give our young people, especially our underprivileged young people, a chance. This is a very, very important piece of legislation, and I suggest, Mr. President, that it is the family legislation of the 101st Congress and will so be so remembered as long as we do remember.

As we all remember, the Senate had a tough time on this bill last year.

In light of the concerns expressed last year, S. 5, as reintroduced by Senators DODD and HATCH, has undergone considerable revision. I salute them for their patience and dedication. I, for one, am pleased to see these revisions. I think these changes make a much stronger bill with a broader base of support. I did not agree to cosponsor the ABC bill until many of these improvements were made. These important changes take care of many of the objections I heard from Nebraskans last year and earlier this year.

The wise incorporation in the bill of language to meet the Ford-Durenberger concerns, which I shared, cleared the last major objection from this Senator.

One of the most important additions to the ABC bill this year has been the establishment of risk retention pools to help with liability insurance for day-care providers, thereby making it more financially feasible for family day care providers to become licensed according to State and I emphasize State, requirements. I have a longstanding interest in the area of liability insurance dating back to my days as Governor of Nebraska. Inclusion of the risk retention pools is a positive step in getting a handle on the ever-increasing problems associated with liability.

I also support the new agreement between the sponsors of this bill and the National Governors Association and other State and local associations. Under that agreement, the earlier section requiring that States adopt minimum standards will be deleted. Instead, a national commission will set recommended health and safety standards. These recommended standards

cannot be more or less rigorous than the most or least rigorous standards that exist in any State at the time these recommendations are submitted.

The States must adopt standards for each general health and safety category listed in the legislation; however, the States will have the discretion to determine what the actual standards will be within each category. The bill establishes financial incentives for States to meet these recommended standards. There will also be grant money available to help States move their standards up to the recommended level. I have heard personally from two Nebraska families who lost children while in the custody of a day care provider.

Both were in unlicensed situations. To me, that is two too many deaths. If we have adequate regulation and incentives toward State licensure, we may in the future be able to prevent these types of situations from occurring.

Another major change from last year's bill is that S. 5 now explicity allows ABC funding for grandparents, aunts, and uncles who care for their relatives, provided, of course, that the caregivers are at least 18 years old and meet applicable State regulations.

As my State of Nebraska currently exempts grandparents from State licensure procedures this section will expand the choice for parents.

This year the ABC bill also includes provisions to encourage businesses and communities to become involved in providing child care services, again providing more options for day care facilities from which parents may choose.

In trying to expand options, the bill also includes provisions establishing resource and referral services to provide additional information to parents seeking child care services. Along with this, the bill provides for grants and loans to help family day-care and nonprofit providers establish and/or expand child-care programs.

In a 1987 study, it was estimated that in Nebraska, my home State, there are 72,500 children age 5 and under whose mothers work outside the home. This does not include children whose mother is in school or a job-training program, so the numbers would be slightly higher. According to a 1988 Nebraska study, 68 percent of working parents with primary responsibility for child care, usually mothers, work full time.

In Nebraska, approximately 20 percent of the child-care services for children under age 6 are provided at home by one of the child's parents. Approximately 70 percent of the rest of the care is provided outside the child's home.

Let me state that again, if I may, Mr. President. Approximately 70 percent of the rest of the care in Nebraska is provided outside of the child's home.

To me, those numbers indicate that there is a need even in rural States such as Nebraska for child care services. I believe that reference and referral provisions in this bill, as well as the provisions on training and technical assistance, will be extremely beneficial to the rural areas in helping to establish services where none previously existed or upgrading existing services to meet the State standards, if they do not already do so, of course.

As my colleagues are aware, there is currently very little Federal assistance available for child care. The Head Start Program, which has been mentioned, which is an excellent program serving disadvantaged children, only has funding to help about 18 percent of the eligible population. Title XX of the social services block grant currently provides $2.7 billion per year for a variety of social service activities, including child care. However, only about 15 to 18 percent of the funds are used for child care alone. Also, the reimbursement rates are so low, in some instances as much as 50-percent below market rate, that many providers will not accept title XX children. Under the ABC bill, payments to providers must be comparable to payments child care providers receive for services provided to children not covered under this legislation. We need to increase the number of available providers and this bill will do the job. One way of doing this is by making it an attractive position. Higher reimbursement rates are one such incentive.

Approximately 65 percent of the mothers with children under age 18 are in jobs outside the home. This is a result of the increasing numbers of single parent households as well as the economic necessity of having two incomes to provide a decent standard of living. Two-thirds of the mothers in the work force are either the sole supporter of their family or have husbands who earn less than $15,000 per year, Mr. President.

Today less than 1 in 10 families represent the "traditional" family where the mother stays home while the father works. Yes, that was the way it was when I was growing up. That was the way it was when a majority of the Members of this body were growing up. That is not the way it is today. We live in different times, and when we live in different times, that is the time for leaders who care about kids to stand up and say the old formula may have been good, the old formula may have been better than what we have today, but the old formula is gone, Mr. President, in the society in which we live today. I suggest to all, it is time that we get up to date in the Senate, and we are doing so with this bill.

I ask unanimous consent, Mr. President, that an article entitled "Child Day Care Policy Issues in Nebraska," originally printed in the Nebraska Policy Choices: 1988, be printed following my remarks, with an appropriate letter attached thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. EXON. Mr. President, in closing, I just want to point out that this article suggests that, based on evidence collected, three policy strategies for improving the quality of home day care in Nebraska are necessary: strengthening and expanding family day-care rules; subsidizing quality day care for the working poor; and expanding specialized training for home day-care providers.

This is exactly what the ABC bill attempts to do. For that reason, I lend my strong support to this measure and urge my colleagues to do the same.

Mr. President, the bottom line is not whether parents should use outside child care but, rather, whether, when it is used, it is provided in a situation that is affordable as well as providing a safe and healthy environment that promotes positive development for our most precious asset—our children. This legislation goes a long way toward answering that question, and I urge swift passage. It is not perfect legislation, Mr. President. We seldom pass that kind here, but it is absolutely necessary.

There will be reasons invented to vote against it, but that does not justify its failure to pass. If we can take care of our military needs, bail out every defunct financial institution in America, grant billions in foreign aid, meet our concerns for our seniors, then I suggest, Mr. President, we can find the savings for a minimum protection, to provide for our most important possession, our kids.

Mr. President, I yield the floor.

[EXHIBIT 1]

UNIVERSITY OF NEBRASKA AT OMAHA,
Omaha, NE, May 12, 1989.

ROBIN HENDERSON,
Senator JAMES EXON,
U.S. Senate, Washington, DC

DEAR MS. HENDERSON: This is in response to your request to reprint "Child Day Care Policy Issues in Nebraska." I understand you plan to publish it in the Congressional Record. You do have our permission to do so, provided you include our credit line: "Reprinted with permission from 'Nebraska Policy Choices: 1988,' copyright 1989 by Center for Applied Urban Research, University of Nebraska at Omaha."

We appreciate your interest in our work. Please let me know if there is anything else we can do for you.

Sincerely,
MARGARET MCDONALD RASMUSSEN,
Editor.

CHILD DAY CARE POLICY ISSUES IN NEBRASKA

(By Christine M. Reed)

This chapter looks at the Nebraska child day care market. A review of the day care

arrangements made by working parents for their preschoolers indicated that the majority used home day care—in the home of a relative, friend, neighbor, or family day care home proprietor. This predominance, together with evidence that sixty percent of all day care is informal, unregulated care, suggests three policy strategies for improving the quality of home day care in Nebraska: strengthening and expanding family day care rules; subsidizing quality home day care for the working poor; and expanding specialized training for home day care providers.

INTRODUCTION

Why is child day care suddenly receiving so much attention? An unusual combination of social and demographic trends and research in child developmental psychology has focused the attention of Nebraska legislators, professionals and parents on this important issue. This chapter provides comprehensive information about the child care market in Nebraska and policy strategies to address that need.

In 1987 there were an estimated 72,500 preschool-age children (five years and under) whose mothers were in the Nebraska labor force, and who therefore needed some kind of day care arrangement. Including mothers in school and in job training programs in this estimate would report an even higher number of children in day care. According to a Nebraska survey conducted by the Center for Applied Urban Research (CAUR) during the summer of 1988, sixty-eight percent of working parents with primary responsibility for child care (usually mothers) work full time. Moreover, 80.7 percent use their regular child care for more than six hours a day.

At the national level, statistics point to a fundamental restructuring of work and family responsibilities. The national labor force participation rate of married women with their youngest child under six years old has risen dramatically, from 30.3 percent in 1970 to 53.7 percent in 1985 (figure 1).

[Figure 1 not reproducible in RECORD.]

Labor force participation increases with the age of the child; however, nearly half of all married women with a child one year old or older were in the labor force in 1985 (figure 2). In 1986, two-paycheck couples comprised sixty-one percent of all husband/wife families; one quarter of all families with children were single-parent families, headed mostly by women. Full-time, continuous employment has now become a reality for many women, married and single alike.

[Figure 2 not reproducible in RECORD.]

The centrality of employment is one reason for heightened interest in child day care. A second factor is increased awareness of how the quality of child day care affects cognitive, emotional and social development. Our society has traditionally been, and continues to be, ambivalent about nonmaternal care. However, the question is not whether parents should use outside child care, but rather when it is used, what conditions promote positive development and minimize harm to young children. Research consistently demonstrates that licensing standards regulating group size, staff-to-child ratio, and training of day care providers have a positive influence on children's daycare experiences and, in turn, tend to make children more cooperative, more intellectually capable, and more emotionally secure (Belsky 1985).

Like all states, Nebraska has experienced a sudden, rapid increase in the need for child day care; however, as the following section will show, certain features of the state's child day care market are unique to Nebraska. This chapter contributes four major findings about Nebraska's child day care market. First, compared to the nation as a whole, a higher percentage of Nebraska children are in home day care—in the homes of relatives, friends, neighbors, and family day care home (FDCH) proprietors. A second feature distinguishing the Nebraska child day care market is the high percentage of preschool-age children in registered day care homes compared to the percentage in licensed day care centers. Third, the lower the family income, the more likely working parents are to use informal, unregulated day care in private homes. Finally, compared to other states, Nebraska has relatively lenient home day care regulations, especially in the number of children allowed before providers are required to register. The following section describes the features of the child day care market in more detail.

THE CHILD DAY CARE MARKET IN NEBRASKA

The term child day care refers to the daily care arrangements during the hours that the primary caregiver of the child (usually the mother) is at work, looking for employment, in a job training program, or in school. The child care market includes a variety of arrangements. Care can be in the child's own home by the parents, who arrange their work schedules so that one spouse is always with the child; or by a relative or nanny. Arrangements can also be made in the home of a relative, friend, neighbor, or proprietor of an FDCH. Finally, care can be in a specially designated structure devoted to child care, such as a center or preschool. While day care arrangements can be made for any age child, this chapter examines only the day care arrangements for preschool-age children.

The distribution of primary child day care arrangements in Nebraska, for the youngest child under six years old of working parents, is shown in table 1. About one-fifth of these children are cared for in day care centers and preschools. Over half are in home day care. The rest, almost twenty-eight percent, are being cared for in their own homes, primarily by their fathers, or by their mothers while self-employed at home.

TABLE 1.—*Distribution of Primary Child Care Arrangements in Nebraska for the Youngest Child Under Six Years Old of Working Parents, 1988*

Primary child care arrangements	*Percent*
Care in child's home	27.8
By spouse	11.1
By other relative	3.3
By nonrelative	4.6
By mother self-employed at home	8.8
Care in another home	53.4
By relative	6.6
By nonrelative	46.8
Organized child care	17.4
Day/group care center	15.1
Preschool/special program	2.3
Other	1.0
Total[1]	99.6

[1] Total does not equal 100 percent due to the effect of rounding.

Source: "*Survey of Child Care Arrangements in Nebraska.*" Center for Applied Urban Research, College of Public Affairs and Community Service, University of Nebraska at Omaha.

The national distribution of child care arrangements over the past ten years is shown in table 2. Compared with the country as a whole, more preschool-age children in Nebraska are in home day care—fifty-three percent of Nebraska children compared to about forty percent nationwide. (These figures do not reflect what percentage of private homes are registered or licensed, because the census does not collect this information.) Approximately the same percentage of children in Nebraska as nationally are in day care centers.

A survey of child care in Kearney, Nebraska, conducted in the summer of 1987 by the Bureau of Sociological Research at the University of Nebraska-Lincoln, found a distribution of child care arrangements similar to the 1988 Nebraska statewide survey. Fifty-one percent of respondents (full-time working parents with preschool-age children) said they used home day care. Twenty-two percent had an adult at home (immediate family member), and fourteen percent used child care centers or preschools (Booth, Amoloza, and Funk 1987).

TABLE 2.—NATIONAL DISTRIBUTION OF PRIMARY CHILD CARE ARRANGEMENTS FOR CHILDREN UNDER FIVE YEARS OLD: 1977, 1982, 1984–85[1]

Primary child care arrangements	1977	1982	1984–85
Care in child's home	42.6	39.7	39.1
By father	13.5	13.9	15.7
By other relative	12.1	11.2	9.4
By nonrelative	6.3	5.5	5.9
By mother self-employed at home	10.7	9.1	8.1
Care in another home	40.4	40.2	37.0
By relative	18.0	18.2	14.7
By nonrelative	22.4	22.0	22.3
Organized child care facility	12.5	14.8	23.1
Day/group care center	12.5	14.8	14.0
Preschool	NA	NA	9.1
Other/don't know/no answer	4.4	5.3	.7
Total[2]	99.9	100.0	99.9

[1] The 1977 and 1982 census surveys covered the child care arrangements for the youngest child under five years old; the 1984–85 special census study covered all preschool-age children in families with working mothers.

[2] Totals may not equal 100 percent due to the effect of rounding.

Sources: "Child Care Arrangements of Working Mothers: June 1982," U.S. Department of Commerce Bureau of the Census, Series P–23, No. 129. "Who's Minding the Kids? Child Care Arrangements: Winter 1984–85," U.S. Department of Commerce Bureau of the Census, Series P–70, No. 9.

There are 2,205 private homes in Nebraska that are registered with the Nebraska Department of Social Services (NDSS) as family day care homes. Nebraska law requires that a private home providing care for four or more children from different families self-certify that the provider has complied with Rules for Family Day Care, issued by the NDSS (NDSS 1986). Family day care home regulations contain rules on health and sanitation, fire safety, physical space, transportation, and other areas, as well as limits on the number of infants and children in a home.

Registered homes, together with licensed day care centers and preschools, make up the formal child day care market in Nebraska—care arrangements purchased in the open market but regulated by the government (see table 3). The remainder of child care arrangements purchased in the open market are considered to be informal: care by relatives or nannies in children's own homes, plus care in private homes by relatives, friends, neighbors, and proprietors of FDCHs who are not registered with the state. (Unregistered homes are distinguished from illegally operated or *underground* homes; many providers are not required to register because they care for fewer than four children or for children from only one family.) Finally, arrangements with members of the immediate

family (for example, spouses dividing work schedules and child care responsibilities) are not subject to conditions of an economic market and are classified as non-market care (Robins and Spiegelman 1978).

TABLE 3.—COMPONENTS OF THE CHILD DAY CARE MARKET

Formal market	Informal market	Nonmarket
Registered home day care:	In child's home by relative	In child's home by parent.
Relative	In child's home by nanny	In child's home by sibling.
Friend	Unregistered home day care.	In child's home by mother who is self-employed at home.
Neighbor		
FDCH proprietor	Relative	
Licensed day care center.	Friend	
	Neighbor	
Licensed preschool	FDCH proprietor	
Licensed special program.		

As shown in figure 3, roughly two-fifths of Nebraska's preschool-age children with working parents are in formal care arrangements. Somewhat less than that—38.6 percent—are being cared for informally. The rest are in the care of their immediate families, though both parents work, the majority of them full time. The size of the formal market in Douglas County is slightly larger than in the state as a whole, because of the higher percentage of preschool-age children in day care centers; however, when all metropolitan counties (Douglas, Sarpy, Washington, Lancaster and Dakota) are compared to all nonmetropolitan counties in Nebraska, child care arrangements across the formal, informal and nonmarket sectors are much the same.

[Figure 3 not reproducible in Record.]

Nebraska not only has a higher percentage of home day care (both registered and unregistered) than the nation as a whole; but compared to other states, Nebraska ranks sixth in the percentage of preschool-age children in formal market care who are in registered homes—48.1 percent (see table 4).

When Nebraska is compared with the six other states in the West North Central Region plus the two contiguous states outside the region, the state ranks fourth, behind North Dakota, Kansas and Minnesota, in registered home care (see table 5). In fact, six of the top ten states, as ranked in the last column of table 4, are from this region. Day care in private homes is apparently characteristic of this part of the country.

The number of registered private homes in Nebraska has more than doubled this decade, from 1,079 homes in 1980 to 2,205 in 1988. The total number of registered FDCH slots is now estimated to be 15,500 (NDSS 1988). Even more significant is the apparent increase in the percentage of home day care providers who have registered with the state, growing from an estimated fifteen percent (Public Health and Welfare Committee 1980) to the forty percent reported in CAUR's survey during the same period FDCHs are more likely than homes of relatives, friends and neighbors to be registered (see figure 4).

[Figure 4 not reproducible in Record.]

Home day care is a distinctive feature of the state's child care market. This fact must be taken into account when formulating policy to address the unmet need for child care and quality standards for day care providers. The following section explores different perspectives on the issues of need and quality. A subsequent section proposes three policy strategies to improve the quality of home day care in Nebraska.

TABLE 4.—CHARACTERISTICS OF THE FORMAL CHILD DAY CARE MARKET IN THE UNITED STATES

State:	Total number preschool children in child care	Number in centers	Number in licensed registered homes	Percent in centers	Percent in licensed registered homes	Percent in formal market care (center and home combined)	Percent in formal market care in registered homes	Rank order of percent in formal market care in registered homes
Alabama	149,000	[1] 45,000	[1] 17,550	30.2	11.8	42.0	28.1	19
Alaska	30,000	8,571	2,329	28.6	7.8	36.3	21.4	25
Arizona	135,000	65,000	6,000	48.1	4.4	52.6	8.5	37
Arkansas	87,500	43,209	4,159	49.4	4.8	54.1	8.8	35
California	1,072,000	391,804	225,821	36.5	21.1	57.6	36.6	12
Colorado	133,500	45,270	29,408	33.9	22.0	55.9	39.4	9
Connecticut	101,500	55,216	16,357	54.4	16.1	70.5	22.9	24
Delaware	22,000	9,632	4,320	43.8	19.6	63.4	31.0	17
Florida	373,500	300,000	14,000	80.3	3.7	84.1	4.5	41
Georgia	228,000	111,580	34,368	48.9	15.1	64.0	23.5	22
Hawaii	46,000	21,924	1,006	47.7	2.2	49.8	4.4	42
Idaho	47,000	13,121	379	27.9	0.8	28.7	2.8	45
Illinois	444,500	111,295	33,747	25.0	7.6	32.6	23.3	23
Indiana	201,500	39,727	8,944	19.7	4.4	24.2	18.4	28
Iowa	107,500	20,271	11,176	18.9	10.4	29.3	35.5	13
Kansas	101,500	[1] 23,850	[1] 43,011	23.5	42.4	65.9	64.3	2
Kentucky	136,000	48,110	2,173	35.4	1.6	37.0	4.3	43
Louisiana	NA	NA	NA	NA	NA	NA	NA	NA
Maine	41,000	7,881	7,782	19.2	19.0	38.2	49.7	4
Maryland	156,000	55,000	30,000	35.3	19.2	54.5	35.3	14
Massachusetts	188,000	68,618	43,165	36.5	23.0	59.5	38.6	10
Michigan	329,000	106,067	48,064	32.2	14.6	46.8	31.2	16
Minnesota	167,000	42,032	66,955	25.2	40.1	65.3	61.4	3
Mississippi	NA	NA	NA	NA	NA	NA	NA	NA
Missouri	194,000	46,507	12,436	24.0	6.4	30.4	21.1	26
Montana	35,000	4,300	1,800	12.3	5.1	17.4	29.5	18
Nebraska	66,500	13,680	12,660	20.6	19.0	39.6	48.1	6
Nevada	33,500	[1] 9,900	[1] 1,866	29.6	5.6	35.1	15.9	30
New Hampshire	34,500	20,121	3,247	58.3	9.4	67.7	13.9	31
New Jersey	NA	NA	NA	NA	NA	NA	NA	NA
New Mexico	69,000	18,005	2,162	26.1	3.1	29.2	10.7	33
New York	604,000	185,325	27,804	30.7	4.6	35.3	13.0	32
North Carolina	209,000	132,692	33,145	63.5	15.9	79.3	20.0	27
North Dakota	30,500	1,696	6,937	5.6	22.7	28.3	80.4	1
Ohio	393,000	120,000	12,000	30.5	3.1	33.6	9.1	34
Oklahoma	139,500	60,652	5,744	43.5	4.1	47.6	8.7	36
Oregon	101,000	26,544	9,078	26.3	9.0	35.3	25.5	21
Pennsylvania	388,500	110,595	23,130	28.5	6.0	34.4	17.3	29
Rhode Island	31,000	[1] 5,490	[1] 3,575	17.7	11.5	29.2	39.4	8
South Carolina	126,000	71,308	5,330	56.6	4.2	60.8	7.0	40
South Dakota	31,500	4,076	2,947	12.9	9.4	22.3	42.0	7
Tennessee	161,500	98,511	2,771	61.0	1.4	62.4	2.3	46
Texas	731,000	426,328	165,282	58.3	22.6	80.9	27.9	20
Utah	97,500	17,175	10,500	17.6	10.8	28.4	37.9	11
Vermont	19,500	5,000	400	25.6	2.1	27.7	7.4	39
Virginia	202,500	68,739	2,235	33.9	1.1	35.0	3.1	44
Washington	174,000	[1] 41,625	[1] 39,436	23.9	22.7	46.6	48.6	5
West Virginia	NA	NA	NA	NA	NA	NA	NA	NA
Wisconsin	180,500	51,542	4,312	28.6	2.4	30.9	7.7	38
Wyoming	25,500	10,256	4,890	40.2	19.2	59.4	32.3	15
U.S. Average				38.0	12.5			

[1] Estimated by multiplying the number of centers by 45 children per center, and the number of homes by 6.5 children per home.

Sources: Compiled by the author from "State Child Care Fact Book 1987," Children's Defense Fund; and "Statistical Abstract of the United States 1987", U.S. Department of Commerce, Bureau of the Census.

TABLE 5.—*National Rank Order of Nebraska and Neighboring States of Percent in Formal Market Care Who Are in Registered Homes*

[National rank order (from table 4)]

State:	
North Dakota	1
Kansas	2
Minnesota	3
Nebraska	6
South Dakota	7
Colorado	9
Iowa	13
Wyoming	15
Missouri	26

Sources: Compiled by the author from the "State Child Care Fact Book 1987," Children's Defense Fund; and "Statistical Abstract of the United States 1987," U.S. Department of Commerce, Bureau of the Census.

CHILD DAY CARE POLICY ISSUES IN NEBRASKA

The sudden and rapid expansion of the child day care market in Nebraska is a trend of concern to legislators, professionals and parents for two reasons. First, there is the issue of whether the market has responded efficiently to the increased demand for child day care—whether the existing quantity and mix of arrangements meet the needs of working parents. Second is the concern about whether Nebraska laws adequately protect the health, safety and welfare of the estimated 72,500 young children who are now in continuous out-of-home care.

MEASURING THE UNMET NEED FOR CHILD DAY CARE

There are multiple views of Nebraska's need for child day care, each with a different set of policy implications. The first perspective asserts that all existing child day care needs are met by the distribution of arrangements in table 1; if unmet needs exist, they will be met by formal and informal market service providers. This represents a laissez-faire approach to child day care. Stating that the unmet need is zero implies that there is only a minimal role for state government to play in regulating the health, safety and welfare of young children. This role would include subsidizing child day care services and training child day care providers to operate with professional standards.

A second perspective is that existing child day care arrangements meet the needs of most working parents, but that targeted subgroups should be identified for selective government assistance. Evidence from the 1988 Nebraska statewide survey indicates that the vast majority of respondents are satisfied with their current arrangements; however, low-income working parents are heavy users of informal market care (see figure 5). Survey respondents who cited affordability as a "most important" criterion in their choice of arrangements are more likely than others to split work shifts and child day care responsibilities (use nonmarket care); however, these were as likely to be middle-income as low-income families. The working poor, on the other hand, appear to be limited primarily to unregistered private homes, where their children are at greater risk for low quality day care due to large numbers of children and providers with little or no formal training in child care. These findings suggest a strategy of selective government assistance to the working poor.

[Figure 5 not reproducible in Record.]

A third perspective argues that only a fraction of Nebraska's real need for child care has been met, and that a large gap continues to exist between the number of preschool-age children with working parents and the number of licensed and registered center and home day care slots. This gap can be expressed in terms of either the number of children in both nonmarket and informal market care, just the number in informal market care, or somewhere in between. There were an estimated 72,500 Nebraska preschool-age children in day care in 1987; roughly two-fifths were in licensed and registered center and home day care slots. According to this perspective, then, the unmet need is somewhere between the approximately forty percent in informal market care and the sixty percent in both nonmarket and informal market care (see figure 3). These percentages represent between 29,000 and 43,500 children. Active government regulation of all or most day care arrangements, subsidies to help families afford the higher costs associated with licensing and registration standards, and programs to foster professional child care standards are all policy strategies implied by this approach.

Unfortunately, there is no simple answer to the question of whether the child day care market addresses the needs of working parents. Empirical evidence presented in this chapter indicates that the market is fairly efficient at producing an adequate supply of child care—*adequate* as measured by the satisfaction of parents. While incomes clearly limit some families to unregistered home day care arrangements, other factors, such as preference for family atmosphere and a desire to maintain child care within the immediate family, also affect market demand. Studies have shown that demand for formal market care is price elastic; demand increases only as prices drop. This tendency applies to all income groups.

State government intervention is justified by the unmet child day care needs of working parents. However, as the previous discussion has shown, there are multiple perspectives on unmet need, each of them based upon a different philosophy about the proper role of government in family life. However, one of the major rationales for active government involvement is not parental need but the fact that a large number of Nebraska childen are now exposed to nonmaternal daily care, in large groups, by providers who often lack any formal training in early childhood development or day care management. Regardless of what working parents are able or willing to pay for child care, state government has a responsibility to protect the health, safety and welfare of these children through quality day care services.

MEASURING QUALITY CHILD DAY CARE

Although child development specialists continue to disagree about the desirability of nonmaternal child care, particularly for infants, they do agree that the higher the quality of substitute day care the less likely will long-term, negative effects occur. The positive outcomes associated with child day care are different for various age groups. For infants and toddlers the concern is that full-time day care should not affect the mother-child relationship, so critical for healthy development. Studies have found that nurturing and stimulating care by the same provider over a period of time helped the infant adjust to being separated from his or her mother and does not disrupt the bonding process. For preschool-age children, quality of child care received is measured by how cooperatively children play with their agemates and how responsive they are to their caregivers (social development), and by how well they perform on tests of cognitive and linguistic development (Belsky 1985).

It is clear from these studies that quality is a function of group size, staff-to-child ratios, and specialized training of day care providers. Preschool-age children tend to become confused and withdrawn in large groups, and caregivers have fewer opportunties to give young children individualized attention. Favorable ratios mean relief for caregivers from constant interaction with children; less need for strict rules to control children's behavior; and less exposure to physical danger for infants and toddlers. Finally, providers with specialized training in early childhood education, child development, and day care are more likely than others to give children appropriate cognitive and social stimulation. Significantly, studies indicate that formal education is less important in this regard than specialized training (Ruopp and Travers 1982).

POLICY STRATEGIES FOR IMPROVING CHILD DAY CARE

Three policy strategies potentially affect the quality of child day care: Regulation of quality standards in home day care; subsidies to improve the quality of home day care for low-income working parents; and specialized training in early childhood education, child development, and day care in order to increase home day care provider competence and skill.

STRENGTHEN AND EXPAND THE SCOPE OF FAMILY DAY CARE RULES

Presently, any provider caring for four or more children from different families is subject to Nebraska's family day care home regulations. Nebraska rules: Establish a ceiling of eight children of mixed ages (infants, preschool, school age); set a minimum age of 19 years for the caregiver; require providers to submit statements about their health and criminal records, including child abuse and neglect; reference state health and sanitation and fire safety rules; and establish guidelines for nutrition, immunization records, first aid supplies, medication, transportation of children, and physical space and safety.

As discussed previously, approximately forty percent of all home day care providers are self-registered with the Nebraska Department of Social Services, up from an estimated fifteen percent in 1980. The other sixty percent fall into three general categories: 1) homes providing care to three or fewer children or to children of one family; 2) homes operating illegally (underground operations); and 3) homes exempt from the rules because care is provided without compensation (provided by grandparents to their grandchildren, and so forth). The penalties for failure to comply are denial, suspension or revocation of a license, and a civil penalty of five dollars per child for each day in violation, after a finding by the NDSS director or district court. NDSS staff have primary responsibility for monitoring compliance with these rules (NDSS 1986).

Compared to other states, Nebraska has a somewhat lenient set of family day care home regulations (see table 6). Nebraska law permits self-registration, but many states require government inspection before granting a license to operate. Nebraska's threshold for registration is higher (more lenient) than average, and its ceiling on the number of preschool-age children per home is higher than the national average. Nebras-

ka rules do not require training, and they permit a self-reported statement regarding prior arrests and convictions. Some states provide for a criminal record and fingerprint check.

TABLE 6.—SELECTED REQUIREMENTS OF FAMILY DAY CARE RULES BY STATE

	License of registration required	Threshold [1]	Ceiling [2]	Limits on infants	Training requirements	Physical exam required	Criminal check required
New England Region							
Connecticut	License	2	6	Yes	No	Yes	Yes
Maine	do	4	7	Yes	No	Yes	Yes
Massachusetts	do	2	6	Yes	No	No	Yes
New Hampshire	do	7	6	Yes	No	Yes	Yes
Rhode Island	do	5	6	Yes	Yes	Yes	Yes
Vermont	do	7	7	Yes	No	Yes	Yes
Middle Atlantic Region							
New Jersey	Registration	2	8	Yes	Yes	Yes	No
New York	License	4	6	Yes	No	Yes	No
Pennsylvania	Registration	5	7	Yes	No	Yes	Yes
East North Central Region							
Illinois	License	4	8	Yes	No	Yes	Yes
Indiana	do	7	10	No	No	No	No
Michigan	Registration	2	6	No	No	Yes	Yes
Ohio	License	2	6	Yes	No	No	No
Wisconsin	do	5	9	No	Yes	Yes	No
West North Central Region							
Iowa	Registration	6	6	No	Yes	Yes	Yes
Kansas	do	1	6	No	No	Yes	Yes
Minnesota	License	6	6	Yes	Yes	Yes	Yes
Missouri	do	5	11	Yes	No	Yes	No
Nebraska	Registration	5	8	Yes	No	Yes	No
North Dakota	License	6	7	Yes	No	No	Yes
South Dakota	Registration	12	12	No	No	No	No
South Atlantic Region							
Delaware	do	2	6	Yes	Yes	Yes	Yes
Florida	do	10	10	No	No	No	Yes
Georgia	do	5	7	No	Yes	No	Yes
Maryland	License	2	6	Yes	No	Yes	Yes
North Carolina	do	3	8	No	No	Yes	No
South Carolina	Registration	2	6	No	No	No	No
Virginia	License	7	10	Yes	No	No	No
West Virginia	Registration	6	6	Yes	No	No	No
East South Central Region							
Alabama	License	2	7	No	Yes	Yes	No
Kentucky	do	5	6	Yes	Yes	No	Yes
Mississippi	do	7	14	Yes	No	Yes	No
Tennessee	do	2	7	Yes	Yes	Yes	No
West South Central Region							
Arkansas	do	7	7	Yes	No	Yes	No
Louisiana	do	1	6	Yes	Yes	Yes	No
Oklahoma	do	2	5	No	No	Yes	No
Texas	Registration	4	6	Yes	No	No	Yes
Mountain Region							
Arizona	License	6	11	No	No	Yes	Yes
Colorado	do	5	6	No	Yes	Yes	Yes
Idaho	Registration	6	6	Yes	No	Yes	Yes
Montana	do	3	6	No	No	No	No
Nevada	License	6	7	Yes	Yes	No	Yes
New Mexico	do	6	6	Yes	Yes	No	Yes
Utah	do	5	6	Yes	Yes	Yes	Yes
Wyoming	do	4	6	No	Yes	Yes	No
Pacific Region							
Alaska	do	6	7	Yes	Yes	Yes	No
California	do	4	6	Yes	No	No	Yes
Hawaii	do	3	5	Yes	No	Yes	Yes
Oregon	Registration	11	11	Yes	No	No	No
Washington	do	2	6	Yes	No	No	Yes
National average		4.7	6.2				

[1] Threshold is the number of preschool-age children for which licensing or registration is required. Methods for counting children against the threshold requirement vary; some states specify number of children, while others refer to number of families. Some states count the providers' own children in the thresholds. Family thresholds were standardized by assuming an average of two children per family. Thus, California's required licensing of providers caring for two or more families was converted to a child threshold of four. Similarly each provider was assumed to have an average of one child of her own in addition to children from other families. Thus, Nebraska's threshold is counted as five, although the rules specify registration is required if the provider cares for four or more children from different families besides her own.

[2] Ceiling is the maximum number of preschool-age children permitted by the license. As with the threshold, providers' own children may or may not be counted, depending on state rules. Ceilings were increased by one child in states where providers' children are not counted against the ceiling.

Source: "Survey of State Child Day Care Home Licensing Agencies." Center for Applied Urban Research, College of Public Affairs and Community Service, University of Nebraska at Omaha.

Unfortunately, plans to upgrade family day care rules have focused primarily on physical condition, provider training and group size, but have not addressed the threshold requirement. Unless the threshold is lowered simultaneously, existing registered home day care providers will be forced to pass along to the parents the higher costs associated with improved quality standards, and unregistered homes will operate with a competitive advantage. The percentage of children in the formal market is likely to decline unless virtually all homes are required to meet the same standards.

Although the data are not shown, an analysis of the relationship between family day care rules in different states and the percentage of children in licensed/registered homes shows that the more stringent the state rules, the higher the percentage of children in formal market home day care, *if* the threshold is also stringent (low). This finding contradicts the conventional belief that regulation is a barrier to providers entering the formal child day care market.

SUBSIDIZE QUALITY HOME DAY CARE FOR THE WORKING POOR

Because a small, but significant, group of working parents are forced by low incomes to use informal market arrangements, and because their children are at greater risk for low quality day care, subsidies are one strategy for selectively improving the home day care market. However, subsidies must be large enough to make it financially feasible for providers to offer quality child care.

At the present time, the major child care subsidy program is Title XX. Nebraska Title XX income eligibility requirements target primarily low-income working parents and recipients of Aid to Dependent Children (ADC). In addition, single parents who are ADC recipients in Nebraska are required to register for the Job Support Program after their children are over six months old. Currently, 3,298 participants use child care support services under the Job Support Program; 1,686 while in job training programs

and 1,612 while searching for employment or during the first 30 days after employment begins (NDSS). Funding for transitional child care will be extended to 90 days in January, 1989. When the new federal welfare reform law goes into effect, Nebraska will be required to provide child care services on a sliding fee scale to Job Support participants for one year after initial employment.

Registered day care home providers tend to avoid taking Title XX children, because NDSS payments are lower than the market rate for registered child day care. Only thirty-six percent of the 236 homes in Omaha under contract with NDSS were registered in February, 1988; the other sixty-four percent were approved for Title XX contracts by NDSS using a procedure similar to, but somewhat less rigorous than, registration (United Way of the Midlands 1988).

Title XX subsidies make adequate child day care affordable for many low-income parents; however, changes are needed in the way the program operates in Nebraska in order to improve the quality of home day care available to the working poor. Two strategies currently under discussion are increasing Title XX contract payments to registered homes and targeting certain payments to providers willing to upgrade the quality of their services through specialized training.

EXPAND SPECIALIZED TRAINING FOR HOME PROVIDERS

Programs to train home day care providers represent a third approach to improving the quality of child care. Training seeks to raise the overall quality of caregiving activities through support services, such as newsletters and peer networks; workshops and courses in childhood growth and development, age-appropriate activites, positive discipline, and behavior management; and training in small business management. Typically, training programs do not receive as much political support as subsidy programs, because the payoffs are longer term and less tangible. Research has clearly demonstrated, however, that training leads to higher quality child day care, both in centers and in homes.

There are several reasons to use training as a strategy to improve the quality of child day care. First, although Nebraska ranks sixth in the nation in the percentage of preschool-age children in formal market care who are in registered day care homes, the state also has a substantial informal market. Voluntary training programs available across Nebraska would potentially benefit an estimated 28,000 preschool-age children in unregistered homes, in addition to the approximately 13,750 in registered homes. Second, research indicates that professional support networks and training, newsletters, and other forms of information exchange among service providers are more effective motivators to improve performance than are rules mandating specific conditions and behaviors. Therefore, licensing standards and training programs ought to be viewed as complementary strategies. Finally, while income subsidies are more appropriately targeted to families in need, provider training is a way to improve the overall quality of day care for all children in Nebraska.

Summary and Conclusions

It is important to remember that widespread interest and concern about child day care is a very recent phenomenon. Until the 1980s, only a fraction of mothers with young children were in the labor force. Government-funded child day care was primarily a social welfare service to families in crisis, and victims of child abuse and neglect were its main beneficiaries. The idea of day care for children from "normal" families is one that has yet to be completely accepted by parents, policy makers, and even child development psychologists. Yet Nebraska legislators are faced with the reality of 72,500 children under six years of age in continuous nonmaternal day care. The question for law makers is how best to serve their constituents' needs for affordable and adequate day care, while at the same time ensuring that costly quality standards are met by child day care providers.

What Nebraska policy makers are addressing the question of government's role in day care, employers must also adapt to the restructuring of work and family responsibilities between mothers and fathers. Research indicates that family stress generated by employment and child care scheduling conflicts will itself have long-term, negative effects on children. Thus, a state policy to address child day care needs to be followed by a longer term strategy to reduce the stress and enhance the quality of life for Nebraska families.

ENDNOTE

1. The number of Nebraska preschool-age children in day care calculated using the "County Superintendents' School District Census Report" (Nebraska Department of Education) and the 1985 national labor force participation rates for wives with husbands present, by the age of the youngest child:

Age (years)	Number of children	Labor force participation rate (percent)	Number of children needing day care
Under 1	15,905	49.4	7,857
1	20,062	49.4	9,911
2	22,140	54.0	11,956
3	22,708	55.1	12,512
4	24,131	59.7	14,406
5	25,537	62.1	15,858
Total			72,500

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Mr. COATS. Mr. President, I thought I would take this time to address a specific issue of the bill now before us that has raised some confusion and raised some questions and some doubts about the application of it, the changes that have occurred, and just where we stand on the whole issue of church-state relations, how this bill impacts on church-provided or synagogue-provided day care.

As we know, a significant percentage of day care today is provided by religious organizations, various denominations, various faiths. In fact, some of the very best child care is provided by religious organizations. The estimate is that up to 30 percent or so of all child availability is through some type of religious-oriented child-care facility. And so it is an important part of this debate that we understand how the ABC bill would impact on that and whether it would foster an acknowledged basis of child-care provision that is important to the child care system or whether it might tend to diminish that.

Questions have been raised relative to the ABC bill in terms of the prohibition of Federal funds or any funds

appropriated under this act going toward the use of child care provided by religious organizations.

An amendment has been proposed, and then accepted, and now is part of the ABC bill, which many think supplies the answer and resolves the question and removes the doubt as to the impact on religious institutions. The Durenberger-Ford amendment exempts sectarian providers that receive certificates as payment for the child care provision, and that supposedly exempts those providers from the conflicts that might result in terms of use of Federal funds.

Section 121 of the bill—I believe it is on page 88 of ABC—states:

No financial assistance provided under this title shall be expended for any sectarian purpose or activity, including sectarian worship and instruction, except that this subsection shall not apply to funds received by any eligible provider resulting from the distribution of a child care certificate to a parent under section 108(a)(1)(C).

And then the provision was added that "Financial assistance provided under this title shall not be expended in a manner inconsistent with the Constitution," which I submit throws that open to a lot of legal interpretation, and a lot of court involvement involving the question of whether or not the Ford-Durenberger amendment providing for the exemption actually does provide for the exemption.

Having said that, let me illustrate a few reasons why I do not believe that this section now incorporated in the bill before us resolves the issue, and perhaps even a larger and darker cloud of doubt exist relative to the impact on religious-provided child care.

Under the ABC bill as it is now before us parents do not have the absolute right to use a certificate if they want to place their children in sectarian or religious day care.

On page 46, section 108, entitled "Special Rules of the Use of State Allotments," that section provides that State allotments are to be provided by contracts and grants or by distributing child certificates to parents of eligible children to conform to the earlier section that I just read.

S. 5, the ABC bill, gives the States flexibility in determining for themselves what funding mechanisms to use to the point that a State could use a certificate exclusively if it so desires or not at all. The very fact that a State has this option means that the use of certificates in the ABC bill is not a parential option but still a government option, albeit not a Federal option but a government option. Therefore, those who say the choice now under the amended ABC approach rests with the parents, that is not a correct analysis because clearly under the language as it is now written that choice does not rest with the parents; the choice rests with the State.

That has been one of the most significant if not the most significant differences of opinion between those who support ABC and those who support a different approach to providing child care, hopefully to avoid the problems that I have just been talking about.

Second, those providers who apply for and receive grants or contracts in the State rather than the certificate reimbursement, as provided in the alternative proposal, would still be severely limited in the free exercise of their religion, and might be prohibited from receiving a grant at all. This includes relatives and small family providers which might apply for grants or contracts as well. They, too, would be subject to section 121's prohibitions, and we have to, according to the bill and as we interpret it, sanitize their homes to make sure that no religious pictures, objects, or artifacts are on the walls, and that no prayers are said or Christmas carols or religious songs are sung. Otherwise, they are not eligible to receive a grant or a contract from the State to provide child care.

That, then, leads us to the conclusion that ABC, as well-intended as it might be, does not expand the choice of options, but actually might constrict the options and the available slots for child care simply because there are a number of providers that will not be able to meet the test or will not want to meet the test because they provide in their homes child care or on an informal or formal basis because they provide child care on a small provider basis, but would like to be eligible for the grant or contract from the State which would be prohibited now because it must not include any sectarian activity.

Third, quite a number of States—in fact 13 is our count—exempt church providers from licensing and regulatory requirements. I would like to name those States: Alabama, Florida, Illinois, Indiana, Maryland, Mississippi, Missouri, New Jersey, North Carolina, North Dakota, Pennsylvania, South Carolina, and Virginia. All 13 of those States exempt church providers from licensing and regulatory requirements.

ABC requires, on page 9, and I want to read that provision because I think it is important to this debate. ABC provides that the term "eligible child-care provider" means (a) a center-based child-care provider, a group home child care provider, a family child-care provider, or other provider of child-care services for compensation that is licensed or regulated under State law, satisfies the Federal requirements and the State and local requirements applicable to the child-care services it provides.

Under ABC, many current child-care programs will not be eligible, not because of the church-state restrictions but because of the licensing requirements. Church providers in those 13 States which are exempt from licensure would be unable to qualify as eligible child-care providers, and parents in those States would not be able to choose those providers because the State had decided not to license or regulate them.

The effect of ABC then will be either to force those States to license church providers for the first time, which they have already decided not to do, or to severely limit parental choice in child care. Neither of those provisions I suggest is acceptable. It is clear that a tax-credit approach to parents with young children is the only way to make sure that parents have the maximum choice.

Again, that is the point of those of us who support the alternative proposal. We think it is a superior way to deliver help to families in need, to provide it through the tax credit system because we avoid the licensure problems. We avoid the nonlicensure church exemption problems. We avoid the certificate questions that may or may not qualify someone for religious day care.

In order to provide full religious freedom, these States and others should be able to exempt religious child-care providers from the licensing requirements of ABC and give parents the option to use child-care certificates in those centers even though they are not licensed. Even if a State that currently licenses and regulates church-sponsored care wanted to remove them from that category of licensure, they would be prevented from doing so, if they as a State wanted to continue to receive assistance under ABC. As you can see we are winding our way down here through a myriad of problems that exist in this more than 100-page bill which has regulations which are attempting to be fixed but the more you tinker and the more you fix the more problems you create.

Page 29 of ABC contains a requirement that the State will not reduce the categories of child-care providers licensed or regulated by the State on the date of enactment of this title. This provision prevents States which currently license or regulate large categories of providers from ever reducing that category if they want to continue to receive ABC funds.

So here they are in a Pandora's box again. If they want to reduce churches in the category of licensed or regulated day care, they are prohibited in the bill from doing that if they want to receive the funds to provide other day care. So again we are faced with a situation not of expending child-care opportunities but actually restricting them.

Even church-sponsored care, which is currently licensed and regulated by the State, and that church-sponsored provider which has no intention of ever applying for funds under ABC could be affectd by this bill merely because their State is a recipient of ABC funds.

On page 28, section 107(C)(3)(b), it states, in fact requires, that in order for a State to receive assistance under this act they must submit an application and plan. The plan shall set forth policies and procedures designed to ensure that all providers of child-care services for which assistance is provided under this title comply with all licensing or regulatory requirements, including registration requirements applicable under State and local law, and that such requirements are imposed and enforced by the State uniformly on all licensed and regulated child-care providers within the same category of care.

That sets up the situation where all sectarian providers in that State that are licensed and regulated will have to meet the federally mandated categories of State standards, and be subject to federally mandated annual inspections even though they receive no assistance for ABC.

So the church-sponsored day-care providers get it coming or going. If they are licensed, they have problems with the act. If they are not licensed, they have problems with the act. If they are regulated by the State, they have problems. If they are not regulated, they have problems. The State has problems in terms of adjusting its laws to either exempt them or include them because it runs into other conflicts within the act.

Even if that same sectarian provider was unlicensed and unregulated by the State, had no intention of applying for grants or contracts under ABC or using certificates, it would still have to comply with the federally mandated categories of State standards and be subject to annual inspections, if it received even a dollar of public assistance. That is, even if that borrower did not receive a dime under ABC, but received money from another Federal, local, or State program, it would be subject to the requirements of ABC because of section 107(C)(3)(c), which provided that:

> Procedures will be established to ensure that child care providers receiving assistance under this title or other publically assisted child care programs comply not later than 3 years after the date of enactment of this title, with State child care standards in each of the categories described in section 118(d) that are applicable to the child care services that are provided by such providers.

Now, if my colleagues are confused by all this, I understand. It is a morass of intricate regulation that, in the end, does nothing but make it more difficult for religious-based child-care providers to provide essential child care services. It is clear that the choice of parents in nearly 30 percent of the cases is to use some form of religious-based child-care provision. If they feel comfortable with that provision, if they want their children to receive religious instruction, and even if they do not, and they find that the child-care center provided by the church or the synagogue is of superior quality, provides the kind of staff ratio, provides the kind of convenience or cost to the parents that the parents choose, for that reason, it is incumbent on all of us, as we look to how we are going to provide essential child care for mothers in need, that we include and encourage religious-based, church-based, synagogue-based child-care provision.

I visited a number of these centers, and they are excellent, superior centers, often staffed by people, not because they simply are there to earn fees, but because they feel that as part of their contribution or service to the church, that they want to add their time and talent, often at rates lower than the going rate, to provide essential services for the children of their congregation or the neighborhood, or the city in which the church is located. And it is child care that is, as I said, the choice of many parents.

I keep coming back to the word "choice" because it is choice that the President and many of us here in the Senate and in Congress are attempting to make essential, the essential core part of any child-care bill that passes this body. It is the choice that ought to reside with parents and not be restricted by the State. That is so critical, as we move forward on this bill.

It is not fair to characterize those that do not support ABC as being opposed to helping children or opposed to providing assistance for children in need. Those of us who have spent years involved in the legislative process, in attempting to strengthen families, support children and youth in this country, have brought forward a number of our own proposals on child care—and a number reside on this side of the aisle—do not accept the characterization that we simply are opposed to helping children, opposed to the needs of children, simply because we do not choose to support the ABC bill, which has been floundering for 2 years, trying to garner a majority to pass in this body. It was introduced a couple years ago and cannot receive majority assistance, and that is help in getting passed through this Congress. It has been changed so dramatically, in order to try to garner more than 50 votes in this body, that we can hardly keep up with the changes that are being made.

I suggest, though, that I am standing here to address one specific issue, and that is the issue of religious-based day care and the implications of the ABC bill, if passed, on the provision of that care. ABC may affect religious-based care in ways that we would never imagine.

I asked the American Law Division whether ABC would require States to regulate religious-based child care, even if no public funds were received. Their conclusion was that:

> It does not appear to be entirely clear, whether the bill would require the States to regulate the provision of child care apart from the receipt of public funds. Some further exploration of this issue in the legislative history of the bill may be needed to clarify the matter.

I would suggest that those who have said that it is now clarified by the inclusion of the Ford-Durenberger amendment, read carefully the material that I have introduced today, to suggest that there is a considerable doubt and considerable confusion as to whether or not this has been clarified and, in fact, I do not believe that it has.

ABC, I believe, in my opinion, is bad public policy, because it does not provide real choices for parents, as they exercise their constitutionally protected right to select the type of child care they deem most appropriate for their children, including services provided by religious organizations. Prohibiting or discouraging the participation of religious providers will simply decrease the availability of child-care services, particularly, for those low- and middle-income parents who use them.

Since ABC has one of its stated goals, the expansion of child-care services, it should fashion legislation to utilize existing services provided by religious providers, rather than excluding or discouraging them, as the current bill does.

So I urge my fellow Senators to carefully look at what the impact of this bill, S. 5, before us now, ABC, would have on the provision of religious day-care services. I do not believe it would expand the opportunities for that provision of services. I think it would restrict it. I think it places some significant limitation, possible court challenges, and other restrictions, on the provision of care, which is the choice of many mothers and fathers in this country.

It is an important resource that we ought to be nurturing, not discouraging, and I urge my colleagues to look carefully at this, because I do not believe that ABC addresses the question. The coalition bill that has been put together, which if you can characterize ABC as bipartisan, we can certainly characterize Senator DOLE's bill as bipartisan, because there is support from the other side of the aisle. That provision, which will be before this body, removes the doubts and problems relative to the religious-based day care, because it provides tax credits to families directly, leaves the choice with them, and removes this entire

question about the impact on religious-provided day care.

That is an important distinction, a distinction that we ought to remember. It is an important distinction for the parents who choose that care, for the religious providers who provide that care; and it takes us away from this gray, nebulous, complicated, legally confused, difficult area, of involving church and State-appropriated funds. It removes that entirely.

I suggest that the Dole bill, which will be before us, is a much more appropriate way to go, as we seek to reach out, provide the help, and address those very real needs of the children that we are trying to serve.

Mr. President, I yield the floor.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Utah [Mr. HATCH].

Mr. HATCH. Mr. President, I appreciated hearing all of the comments that have been made this afternoon on the floor, and I intend to speak a little bit on this religious issue myself, as someone who has spent a certain amount of time studying the Constitution of our country. And I also make the point that without both of these bills, without merging them and marrying them, yes, you will not solve every problem, and you will not, even if you merge them.

What I really want to spend a few minutes on, at this late hour in the day, is something that I need to spend some time on. That is the point I have been making, that there is a lot of disinformation, a lot of misinformation, and a lot of downright deceit, unfortunately, mostly by those who are conservatives, with regard to the Mitchell amendment, or the bill that is before us at this time, sometimes referred to on the floor as the ABC bill.

Now, I am a conservative, and I am very proud of it. I came from the liberal side of the spectrum, and I used to be a Democrat. I changed only after a lot of reflection and only after a lot of thought, and I am proud to be a conservative.

One reason why I like the conservative point of view is that I thought it was for the most part very honest, very straightforward, and very understandable.

I have never seen an issue where the conservative side of the equation has distorted a bill more than this bill. I am personally very offended by it, because I think we have an obligation to tell the truth and let the chips fall where they may, and if we do not like a bill we have a right to stand up and say we do not like it; there are the reasons why.

There is enough for everybody here that you can find some reasons why you might not like the ABC bill and there are legitimate reasons why people might not like to.

Today when I went to our Republican caucus or policy meeting they passed out a blue set of working papers and on the top is "the Mitchell substitute" on the left side and on the right side "the Dole substitute."

This was not prepared by our leadership on the Republican side, nor was it prepared by anyone affiliated with this body as far as I know. It came apparently from some outside groups.

I think when they try to pass something like this off to Senators, they ought to at least put their names on it. To this minute, I do not know who prepared this piece of junk, but let me tell you something: It was clearly prepared by people who feel they are conservatives, but I think there is a higher obligation for conservatives. I think the higher obligation is that you should tell the truth regardless of how deeply partisan or how deeply you feel about any particular given piece of legislation. I am absolutely ashamed of this type of stuff.

I have looked at materials put out by the Eagle Forum across this country. I know they try to do a sincere and decent job, and I commend them for it. I read their literature through the years, and many times it is very good.

But on this bill it is distorted, it is not appropriate, it is a shameful thing, and it is generally done by people who do not have the facts on their side, do not have the knowledge on their side, do not understand the issue to begin with, and are bigoted and close-minded, all of which applies to some of these pieces of, if you want to call it literature, put out I have to say by conservatives.

My attitude is that it is tougher to be conservative. First of all, the media generally is more moderate-to-liberal than we conservatives are.

So we have a higher burden on every case to try to make out our conservative point of view. But we win on a lot of issues because the people are with us, and we do not need to fabricate, we do not need to deceive, we do not need to use misinformation and disinformation to make our points.

So I would just like to take a few minutes here today just to go through this document which has been given to every Republican Senator as though it is some sort of factual sheet comparing the two amendments. I am not going to spend a minute on the Dole substitute because I happen to like the Dole substitute. Merged with this bill, I will vote for it. I happen to like it, I think it has a lot of good for it. But if anybody thinks it is a panacea for child care, they have another thought coming.

First of all it only takes care of 1- to 4-year-old children and then only to a very limited degree.

If you really look at it, there is very little money going to go to offset the cost of child care. The average cost of child care is $3,000 per child in our society.

At best the Dole bill is probably going to save, if a family has two children and they have to be helped with child care and they qualify, $2,000 of the $6,000; it is probably more like $750 of the $6,000. That is helpful but it is not a solution.

Now, our ABC bill is not the total solution either. No matter what we do here today there is not enough money to resolve all the problems involved in child care here today.

But let us not look upon either of these as a total solution to the problem. What we are trying to do is set up a structure whereby we can work toward solution of these problems through the years.

Let me just take a few minutes here and go through how they describe the Mitchell substitute. It is very offensive to anybody who is fair.

They start off:

> Child-care portion of the bill is entirely grant-based, allocating money and authority to States rather than parents, while most conservatives fight their guts out to get State and local government control over the moneys that come from here. We do exactly that and now they want it to go directly to parents.

The problem with sending it directly to parents, as the Dole substitute will do, is that, yes, it gives them more money.

I am for that. I think that is great. Any time we can help the poor with more money I am for it as long as we have enough money to do it, and I am for that type of an approach. But it does not necessarily mean that money goes for child care and it certainly does nothing for quality of child care. It does not really create any new child care slots or availability of child care, and it certainly does not help very much on the cost or affordability problem of child care.

Then it says, "This Mitchell substitute biases choice in care toward institutional care." That is pure and unmitigated bunk, and it is offensive. That is what the original ABC bill did. It did bias everything in favor of institutional child care. This bill is a completely changed bill.

Yes, institutions are part of child care delivery systems that will benefit from the ABC bill, but they are only part of it.

We encourage through the ABC bill every institution in society capable of helping with child care to help with it.

So it is a far cry from what this says. It says, "biases choice in care toward institutional care rather than parental, relative or informal care arrangements." That may be true of last year's ABC bill. It is certainly not true of this bill here on the floor today. We encourage all of those forms of child care.

I will not spend an inordinate amount of time on any of this.

We can question almost every line in this piece of junk that is being passed off as though it is reality.

Under church-state it says, "Leaves constitutional problems unresolved and subject to clear court challenge."

Come on.

What program in our society today which allows churches and other religious institutions to participate will not be subject to a court challenge?

The fact is we take it into consideration that, yes, there are constitutional rules and laws to forbid certain things. That does not mean we do not try to do what we can within those limitations.

Let me restate that. What program that allows churches and other religious institutions to participate will not be subject to court challenge from organizations representing another point of view?

Any resolution of this issue may be challenged. That is just a matter of fact.

I believe this legislation is consistent with established Supreme Court constitutional law.

If you want to say, will the tax credit approach, by giving the money directly to the parents and letting them make whatever choices they want to do with the money, including buying cigarettes, beer, whatever else they want to do, will that violate the Constitution? No, it does not.

If they want to give that money that they receive through that tax credit to a religious institution that teaches religious doctrine during the child-care time, can they do it? Yes, they can, but that does not make it any less viable or valid for the ABC bill to follow the law that says that if you directly grant to the American families help and you directly pay for some of these things, you cannot directly subsidize religious instructions.

It is just that simple. That does not make the gift or grant any less viable or effective, and it does not negate the fact that we have a good approach here as well. It just makes it clear that you have to live within constitutional constraints.

And then this goes on to say that the Mitchell substitute deters the State from issuing any certificates based on expected legal challenges. As far as deterring the use of certificates, 26 States already use child-care certificates. Why would the language in this bill, language that clearly allows the use of such certificates by parents for child care in religious settings, suddenly cause States to stop these programs? The fact is it will not. It will augment the already existent 26 States child-care certificate programs and it probably will include another 24 States. It will probably include another 24 States in the process. It is a step in the right direction. The very thing that they are criticizing goes toward doing what they say cannot be done religiously.

If they have child-care certificates, and the child-care certificates are given to the parents and that is indirect aid that they then give to the religious institutions, there is, I think, a real reasonable argument that they can do that without violating church-state constitutional prohibitions.

Now, let me just go to targeting to low income. This says, makes eligible families with incomes of 100 percent of the State median income, well above the poverty level.

Well, let us talk about the eligibility criteria. It is 100 percent of the State median income. OK, $47,000 in the State of New Jersey does seem to be high. But then, again, child care is more expensive in New Jersey. Instead of the average of $3,000, it goes up to $5,000 and $6,000 per child. The fact of the matter is, everything is relative.

Further, the bill clearly states that—once again a conservative principle—the States have control, have complete, unalterable control and can give priority to those who they think are most in need.

New Jersey obviously is going to establish a secondary income criteria.

But let us take my home State of Utah where the average median income is $17,600. I want all of those people to be eligible for child-care assistance in my State. And that is the situation with most States. I do not think there is any question about it.

You could go on and on. Let me give you another one in this targeting to low income. This blurb says, "Most lower-income families do not have documentable child care expenses. Thus, expanding the dependent care tax credit does nothing to help target assistance."

Now, let us stop and think about that. I agree that low-income families do not always have documented child care expenses in order to take advantage of the dependent care tax credit. That is why we need the ABC bill. We need it not only because, thanks to the Finance Committee, it contains provisions which make the dependent care tax credit refundable, but also because it provides some help for low-income families above and beyond the dependent care tax credit. So it clearly, clearly is a misstatement here again.

(Mr. BRYAN assumed the chair.)

Mr. HATCH. I know the distinguished Senator from Montana wants to speak, but let me just finish my remarks. I will try and do them as quickly as I can.

Let me take another one. Under a paragraph entitled, "Bureaucracy," it says: "The Mitchell amendment would allocate up to 30 percent of States' grant money off the top because the funds specified are usable within the bill for administrative overhead, inspections, increasing child care workers' salaries, training, and other purposes."

Now, where do the opponents of the ABC bill get the idea that parents have no role? In situations in which a State has contracted with providers for prepaid slots, parents get their choice of providers insofar as the slots are available.

Look what it says here under "Policies and Procedures." This is right out of the ABC bill.

> The plan shall set forth policies and procedures designed to ensure all of the following: that, to the maximum extent practicable, the parents of each eligible child who will receive child care services for which assistance is provided under paragraph 4 are permitted to select the eligible child care provider that will provide such services to such child, and if the State places such child into the methods provided in section 108A(1) (a) or (b), the State will attempt to place such child with eligible child care provider selected by such parents.

Obviously, there is a choice when a parent has a certificate.

Additionally, one of the six required categories for States to set standards is parental involvement. So the parents will have a choice there, as well.

There is also the caveat that nothing in this act should be construed to limit parental rights and responsibilities. So we take care of that in the act.

Then there is the ultimate authority; that is, parents do not need to accept assistance if they are eligible.

Let me say this: When it says here "would allocate up to 30 percent of the State's grant money off the top because the funds specified are usable within the bill for administrative overhead," basically only 8 percent of the ABC bill as defined in the bill can go for overhead. The rest has to go to help increase the availability of child care and the quality of child care. So that is a misstatement if there ever was one. It just burns me up to see something like that, as though it is an important thing.

I might say, it depends on your definition of bureaucracy. Personally, it makes little sense to me for a State to have health regulations for restaurants if inspections are not performed enforcing those regulations. And, more important, inspections are not done to reassure those of us who occasionally eat out that the kitchen is sanitary. It is a perfectly logical use of funds under the bill to have an inspection. That is a service to the parents. So it is giving grants to community organizations to start up new child-care projects with full specific local needs.

But, then again, let us go back to what ABC does. It gives this responsibility to the States. The States can make the determinations. There is nothing in this bill that allows the Federal Government to make the de-

terminations for them. And, yes, some argue, "Well, my goodness, the minute they get this bill locked into place they are going to then come back and make everything Federal."

Not as long as I am a cosponsor of this bill they are not. And I do not think most people in this Senate would vote to do that.

Well, you could take every word in this piece of junk that they call a—they do not even call it anything, but are trying to make a comparison between the two and, of course, tear it to shreds.

Now, that is just one illustration. I would like to bring some others to the floor, but I do not want to waste my colleagues' time, nor do I want to bore people with what clearly is disinformation and falsehoods and some of it out and out downright deceitful falsehoods. I hate to admit that that is coming from conservatives in this country.

I also look at some of the great intellectual institutions that conservatives rely so much on. They take the position, that, unless you agree with them, there is absolutely nothing worth considering. There is absolutely no other idea but theirs. We all know individual people, both on the far left and far right, who feel that way. As a matter of fact, I have been meeting my share of them lately. They are the only ones who have any ideas. As a matter of fact, they are the only ones who can think, I guess, in society. They have no tolerance for anybody else's ideas and anybody else that comes up with an idea is berated and distorted and slammed in unceremonious ways.

Let me tell you, I do not mind that kind of stuff. We can put up with that. We get that all the time. What I do mind is the deceitfulness and the falsehood. I mind people trying to win their case with falsehood.

If I was going to attack the ABC bill, I surely would come up with better blurbs than that piece of junk and any number of other pieces of literature that I have received from conservatives. It is a tremendous disappointment to me, a tremendous disappointment to me.

If I am not going to stand here as a conservative and put up with it. If they want to beat the ABC bill, let them do it fairly and let them do it on the record and let them do it on the words of the bill that is presently before this Senate. If they think that handling child care for only 1- to 4-year-old kids is the last answer, boy, they have an argument from me. Because I have seen too many single heads of households, mostly women, making the minimum wage, or a little bit better, working day in and day out with three and four and five kids with no way to take care of them.

I have seen husbands leave their wives, when I practiced law, and they go off and make better incomes and refuse to support their wives. Their wives are left there in some ghetto with all these kids. If they have any kind of desire to have self-respect they try and go out and work. When they do, their kids suffer. Then the husbands come in and say, "She is not a good mother". I have seen that happen, too. I have seen it happen time after time after time.

I have seen the State let the husbands get away with it. I have seen the courts let the husbands get away with it. I have seen women who have had to give their children back to the husband because they love the children so much and they knew they could not put food in their mouths. And, as much as they knew they could raise the children better than that husband who left them, the husband had more income and could at least feed them. And, because of their love, would allow them to live with husband and give them up and go through that anguish and pain.

Let me tell my colleagues something, I have seen it all. I can tell them. Those who do not look at this issue completely and who do not understand that kids less than 13 years of age have troubles controlling their lives and have troubles resolving their conflicts and their problems and are put in danger by being left all alone most of each day are not looking at this issue. As much as my colleagues on this side want to take care of the 1- to 4-year-olds, and I do, too—it is a tragedy in this country—what about the 5-year-olds? What about the 6-year-olds? What about the 7-year-olds?

Well, the reason my colleagues do not want to expand the credits for them is because they know the costs go up exponentially and yet they are the same people who are criticizing the ABC bill as something that is going to cost more money down the line. Of course, it is. And it is money well spent because it is money for families. I cannot tell the Presiding Officer the hundreds of billions of dollars that go down the drain in this country that could be used to help families.

I think it is conservative to argue for families. I think it is conservative to worry about mothers and children. I think it is conservative to worry about whether or not a women can take care of her children and keep them close to her and nurture them and be with them once in a while.

I think it is conservative to acknowledge that those who cannot take care of themselves, we ought to try to help.

The problem in this country is we are helping too many people who can care for themselves and we are letting problems like this go down the drain, and we are doing it because we are fighting over partisan politics. This should not be a partisan political issue.

My colleagues on that side of the floor cannot think that ABC is the only way to go. My colleagues on this side of the floor cannot think that a tax credit that only takes care of 1- to 4-year-olds is the only way to go. We need to do more. And this is clearly one of the issues in our country today that we clearly need to do more about. I do not know anybody who does not look at it that way.

The problem is 3 years ago, nobody was concerned about this issue. Thanks to the distinguished Senator from Connecticut and others like him, it has now become one of the paramount issues in this country. But if we asked the average single head of household 3 years ago if this was important and she would tell you it was the No. 1 thing she was concerned about. But she did not have voice because society does not pay much attention to single heads of households.

When we do, we always do it in a welfare mode rather than trying to help them be self-sufficient and to have the self-esteem that comes from self-sufficiency.

I am ashamed when I hear some of the arguments that I have heard on this floor. And I am deeply ashamed and offended by some of this junk that is put out as factual information about child care. When I think that some of these so-called leading conservatives think that they are the only ones who have any ideas with regard to child care, it just makes me mad.

I do not think the Senator from Connecticut takes that attitude. It is apparent he has not. He has worked like a dog over the last 3 or 4 years to try to put something together, trying to accommodate every good idea there is. And let me tell Senators, at one time there were over 100 child care bills, once it started to become a good political issue.

I do not think it should be a political issue. I think it should be a bipartisan issue that helps to solve family problems. And we all ought to be working to try to do it. And I think both ideas are crucial to this bill.

I have come a long way to understand that direct grants really can help, especially when State and local governments have total control over them. But I also know that tax credits can help, too, especially when they are refundable, for the especially needy poor.

When we add them both together we might have something here that would really work. What are we fighting about? Let us give some credibility to ABC, and let us, those of us who support ABC, give some credibility to this other side. But if we have to have only a tax credit approach, let us just be honest about it.

If the Dole substitute passes, it completely subsumes and does away with

all these other good ideas that have been worked on for years now: hundreds and hundreds of hours. And they will work. And we all know that that bill will not go through the Congress. We all know it.

If ABC passes solely, by itself, it is going to be vetoed and we all know that. Not because it is not a good bill now, but because it has been called ABC, and it has been a symbol of a bad bill because at one point it did not do all the good things that it does now.

So, either of these standing alone are meaningless. If we put them together, then I think this President, who wants a kinder, softer, gentler Nation—and that is overused, I know, but I know George Bush and he means it—I think he will look at it and say: You have given me some credit, you have given me some credibility, you have gone a certain distance to try to help me get my ideas out there. I think I will go a certain distance to help you with yours. Because this is a big problem.

Let me tell my colleagues, any man married to Barbara Bush, it seems to me, would have that attitude. And I think he will, if we do not take the attitude that all one or all the other has to pass.

The Senator from Connecticut and myself, we are willing to do whatever it takes to get a child care bill and we do not care who gets the credit for it. We hope everybody here feels like they can take credit for it. What we hope is that it will work and help families in America; it will help the woman I read about the other day who had everything going for her. She had three beautiful children, a wonderful husband, they had just gotten a new home, they could afford to eat, they had a decent car and then one day her husband did not come home any more. And the income was cut off. And she was not educated. And she lived in a community that did not have a ready job for her. And all of a sudden she is sitting there with all this beauty just crumbling around her with three kids to feed and not any way in the world to even get a job to feed them, except by traveling to another town a distance away.

This is what we are facing. We are facing reality here. And we ought to face it like it is reality.

I have talked long enough but I would like to spend more time on this church-State issue because I think it is ridiculous to come in here and say I cannot support the ABC bill because the Constitution is going to be enforced on part of it.

I have to tell my colleagues there is another side to that. The ACLU and others, they are mad because we have the Durenberger-Ford amendment in here which makes it clear that nothing in this bill will violate the Constitution. Can my colleagues believe that? That is the other extreme. The fact of the matter is there is nothing wrong with abiding by the Constitution.

Well, let me say I will talk more about church-State issues later and I will show again why merging these bills makes sense from that standpoint; both ways. I apologize to my distinguished friend from Montana but I have been sitting here all day wanting to make these remarks, ever since our policy meeting.

I just hope the conservatives throughout this country start wising up and saying: Look, we do not like what you are doing, Senator HATCH, we do not agree with you and here are the reasons why and they are factually honest. I can accept that and I will respect them for it. But I have no respect for people who distort the facts, who distort the law, who just tell everything from their own perspective and knowing that it is different—or at least should have known it is different. That is what is going on here and it is making me darned mad. I will tell my colleagues, it is about time it stopped.

Make the case, fight against us legitimately every way Senators can and we will do our best to pass this legislation no matter what happens. But quit distorting the record. That is what my challenge is to my conservative friends.

I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, once again, it hardly needs words from this Senator to recognize the contribution the Senator from Utah has once again made to this debate. His words speak for themselves.

I recall going back 2 years ago, Mr. President, when I approached the Senator from Utah with the ABC bill then, if you will. He looked and said: "Absolutely not. I am not going to support that bill."

He said: "If you are willing to sit down and talk about this legislation, talk about some changes that need to be made, maybe we can come to some agreement." So we began a process with the Senator from Maryland [Ms. MIKULSKI] and the Senator from Utah appropriately recognized her for her contribution as well.

We began a process that almost every other Member of this body has gone through at one time or another with a legislative body, two people walked into a room and each said I disagree—they disagreed with each other. But let us sit down and see if we cannot come together with a product here that our colleagues will support.

In a sense, that is what has happened. No one deserves more credit for where we are today than the Senator from Utah. He has done a Herculean effort, not to come up with an ABC bill or not to come up with a particular amendment but to do something for American children to make it possible for a generation of American children to have the best possible futures that we can give them as adults. That is really what the bottom line is here. He is absolutely correct when he says if we had spent as much time over the last 6 months or so trying to work on a bill together that some people have over the last 4 days trying to craft an alternative merely to win the hour, we could have left here 2 days ago with a child-care bill passed. That has not been the case.

We have been criticized because this bill has changed over the last 2 years. We now have had a bill before the Senate for 4 days, since last Thursday. I do not even know yet what the alternative looks like. It is still being written somewhere around here, and yet I am being criticized because we have changed our bill over the last 2 years.

This is Tuesday at 6:30 at night. We began last Thursday about 2 o'clock, and we patiently went all day Thursday, all day Friday, all day yesterday, all day today. I hope we will come up with some amendments here. If people are not happy about this product, let us talk about some changes if they want to make them, but let us get on with it. It is beginning to look like delaying tactics for the sake of delay. I hope that is not the case. I think my colleagues would like to vote on these matters and move the legislation along. So I hope at some point here we will get a product that we can look at. In the meantime, I again emphasize the tremendous effort that my colleague from Utah has waged and the tremendous efforts he has expended, and his staff as well. They have done a remarkably good job, Mr. President.

I can count on one hand the times that ORRIN HATCH and I have voted alike in the 9 years I have been here. He has not lost his conservative credentials. I have not lost my progressive ones. I am proud of them. He is proud of his conservative credentials. What you are looking at is two Members of this body who care about children and care about working parents and mothers who stay at home, who are struggling with all of these issues, and we decided to drop our ideology, drop our party labels because we cared about something in common to see if we could not work out a legislative product that reflected our respective points of view. After 2 years what we have come up with is the product that is before us today.

ORRIN HATCH is no less a conservative today than he was 2 years ago when he started. I am no less proud to be associated with progressive credentials today than I was 2 years ago. That is not the issue here. It is not a

debate between liberals and conservatives or progressives and conservatives or Republicans and Democrats. It is an effort of good people in this country who care about its future and want to do something about children. It is not complicated.

We tried to do that. I am confident we will. I believe most of our colleagues sincerely want us to do the right thing in child care and I believe before this week is out that we will do that. And the Senate will go on record for the first time in years supporting a child-care program that will be meaningful to working families in this country and meaningful to children.

We spent a lot of time this year on other issues. We have had lengthy debates involving pay increases and Cabinet appointees and other issues. We very expeditiously dealt with the budget issue to the great credit of the Senator from Tennessee. We dealt here with the FSLIC problem, the Senator from Michigan, and the Senator from Utah [Mr. GARN], those are high points here in trying to move legislative product. We have yet to deal with minimum wage. That has been vetoed and the veto is not overridden, but I am confident that we will ultimately work on a product as well to the satisfaction of Members on both sides of the aisle.

What we are trying to do here now is something involving families, profamily legislation. I am confident that we will be successful in this effort as we have been in those others that I mentioned.

Mr. President, I yield the floor.

Mr. GORTON. I say to my friend from Connecticut, I am waiting to speak on another subject when the debate of this issue is over for the day.

Mr. DODD. I apologize to my colleague. I did not mean to go on so long. Mr. President, I suggest the absence of a quorum unless my colleague wishes to be heard.

Mr. GORTON. Does the Senator from Connecticut believe the debate on this issue is completed for the day?

Mr. DODD. I am not totally convinced of that, but if the Senator would like to make a unanimous-consent request to go into morning business, then I am sure we can accommodate him. I think there is a meeting between the leaders at this point. I will have an answer to his question shortly. In the meantime, if you want to discuss another matter, there will be no objection.

Mr. GORTON. Mr. President, I ask unanimous consent that I be permitted to proceed as in morning business and that, if there is further debate on S. 5, that my remarks appear in the RECORD after the conclusion of that debate.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Washington is recognized.

Mr. GORTON. I thank the Chair.

(The remarks of Mr. GORTON pertaining to the introduction of S. 1209 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. MATSUNAGA. Mr. President, as an original cosponsor of the Act for Better Child Care Services of 1989, I rise to urge my colleagues to vote for this essential initiative. We must not lose this opportunity to improve the quality, availability, and affordability of child care in our Nation.

It has been nearly two decades since Congress seriously considered a major piece of legislation addressing the availability, affordability, and quality of child care. It was in 1971 that President Nixon vetoed the Mondale-Brademas antipoverty bill which included a $2 billion program to provide educational, nutritional, and health services for preschool children. Since that time, proposals to create a comprehensive Federal Child-care Program have been introduced but have never cleared the floor of either Chamber.

We cannot continue to ignore the needs of our youngest segment of our population and their families, despite our concerns about establishing new Federal programs. The gap between the demand for child care and the supply of quality care is growing. The Welfare Reform Act adopted in the 100th Congress requires mothers of children as young as age 3 to enroll in work, training, or education programs, further heightening the demand on the already limited supply of care for affordable care.

The number of women, many of them single parents returning to the work force while their babies are less than a year old has increased by 95 percent between 1970 and 1986. As of March 1987, 52 percent of mothers with infants of this age were in the work force. In 1986, 60 percent of mothers whose youngest child was 3 to 5 years old were employed—up from 45 percent a decade earlier.

Economic survival is the driving force behind these working mothers. Two-thirds of women in the labor force with preschool children are either the family's sole wage earner or are supplementing a family income of $15,000 or less. This situation is particularly acute in Hawaii, where the cost of living is much higher than the national average—62 percent of families in my State of Hawaii are comprised of two or more workers—the highest percentage in the Nation. We are fourth in the Nation with regard to the percentage of women in the work force which is now 59 percent.

Many parents have difficulty finding child care providers. On our most populous island of Oahu, there are fewer than 500 licensed spaces available for the approximately 9,300 infants, up to 2 years old, who need care. Those who do find a provider often have difficulty maintaining adequate arrangements. Turnover of staff in child-care centers averages over 50 percent a year, and the rate is even higher among family day-care providers.

Furthermore, no Federal guidelines exist to assist States in providing adequate protection for children in child-care settings. Some State child-care standards are so minimal that children's health and safety are threatened. It is estimated that 75 to 90 percent of family child care, one of the most popular and available options, remains unlicensed and unregistered.

While some Federal programs subsidize families' child-care costs, these funds have either been frozen at current levels or have decreased over the past 8 years, despite increased need. The largest source of direct Federal support for State child-care programs is title XX of the Social Security Act. Child care is one of many social services supported by title XX. Parents with incomes below a State-established level can qualify for title XX-subsidized child care. However, with inflation factored in, 35 States spent less title XX funds for child care services in 1985 than in 1981 when services under title XX were folded into a block grant, according to the children's defense fund.

In 1976, Congress enacted a dependent care tax credit. Indirect funding of this tax credit provides the most extensive Government support for child care. Under current law, families may claim up to $2,400 for the cost of care for one child and $4,800 for two or more children. The deduction is based on a percentage of that claim, according to the taxpayer's income. Credits range from $270 for one child for parents with income below $10,000—30 percent of expenses—to $480 for parents with income above $28,000—20 percent of expenses. For two or more children, credits range from $1,440 to $960.

The Tax Credit also includes 1981 provisions designed to stimulate employer-assisted child care.

On June 13, 1989, the Finance Committee approved by a vote of 17 to 3 a "children initiative" package that includes some changes to expand and improve the dependent care credit. First, the credit would be refundable. Taxpayers without sufficient taxable income to offset the credit would be entitled to receive the amount of the credit not offset against tax liability in cash. The dependent care credit would be increased to 35 percent for taxpayers with adjusted gross income [AGI] less than $8,000 and to 32 percent for taxpayers with AGI of between $8,000 and $10,000. The Finance Committee package is part of the Mitchell amend-

ment and provides an important supplement to S. 5.

S. 5, the ABC bill would provide much-needed new funds to make child care more affordable for low- and moderate-income families. It would also increase the accessibility and supply of quality child care for all families and coordinate the patchwork of child-care resources. In the legislation as reported out from the Labor and Human Resources Committee, $2.5 billion would be authorized for fiscal year 1990 as a matching grant program to the States.

Seventy percent of the ABC funds must be used to provide direct assistance to low-income families on a sliding fee scale, with priority given to very low families. Eligible children are those up to age 15 whose family income does not exceed 100 percent of State median income. Ten percent of the seventy percent would be reserved for direct assistance to expand from part-day to full-day low-income programs such as Head Start, State-subsidized preschool, chapter I preschool, and preschool for handicapped children. Of the remainder of the ABC funds, 22 percent would go to improve quality and supply, and 8 percent for State administration.

States would have to ensure that parents have discretion to choose the form of care for their children. Child-care sources may include nonprofit and for-profit child-care centers, family day care home, relative care, school-based care, and nonsectarian school-based care.

An impressive and broad coalition of more than 100 national groups including children's advocates, labor unions, and religious organizations have been working assiduously with Senator DODD, Senator KENNEDY, Senator HATCH, and other cosponsors and their staffs in crafting this legislation for over 3 years.

Mr. President, left to itself, this situation of a growing demand for affordable, quality child care, coupled with its inadequate supply, can only hurt our most precious resource—our children. We must invest in our future now. I strongly urge my colleagues to vote for the revised Act for Better Child Care.

Mr. GORTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MITCHELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. MITCHELL. Mr. President, I ask unanimous consent that there now be a period for morning business with Senators permitted to speak therein.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE HOUSE

At 11:34 a.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agreed to the resolution (H. Res. 177), stating that the bill of the Senate (S. 774) to reform, recapitalize, and consolidate the Federal deposit insurance system, to enhance the regulatory and enforcement powers of Federal financial institutions regulatory agencies, and for other purposes, in the opinion of this House, contravenes the first clause of the seventh section of the first article of the Constitution of the United States and is an infringement of the privileges of this House and that such bill be respectfully returned to the Senate with a message communicating this resolution.

The message also announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 1278. An act to reform, recapitalize, and consolidate the Federal deposit insurance system, to enhance the regulatory and enforcement powers of Federal financial institutions regulatory agencies, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation, without amendment:

S. 1077. A bill to authorize the President to appoint Admiral James B. Busey to the Office of Administrator of the Federal Aviation Administration (Rept. No. 101-56).

S. 1180. A bill to authorize the President to appoint Rear Admiral Richard Harrison Truly to the Office of Administrator of the National Aeronautics and Space Administration (Rept. No. 101-57).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation:

James Buchanan Busey IV, of Illinois, to be Administrator of the Federal Aviation Administration;

Jeffrey Neil Shane, of the District of Columbia, to be an Assistant Secretary of Transportation;

Kate Leader Moore, of the District of Columbia, to be an Assistant Secretary of Transportation;

Pursuant to the provisions of 14 U.S.C. 729, the following-named captain of the Coast Guard Reserve to be a permanent commissioned officer in the Coast Guard Reserve in the grade of rear admiral (lower half): Fred S. Golove.

Richard Harrison Truly, of Texas, to be Administrator of the National Aeronautics and Space Administration;

James R. Thompson, Jr., of Alabama, to be Deputy Administrator of the National Aeronautics and Space Administration;

Thomas Joseph Murrin, of Pennsylvania, to be Deputy Secretary of Commerce; and

Susan Carol Schwab, of Maryland, to be Assistant Secretary of Commerce and Director General of the United States and Foreign Commerce Service.

Mr. HOLLINGS. Mr. President, for the Committee on Commerce, Science, and Transportation, I report favorably a nomination list in the Coast Guard which was printed in full in the CONGRESSIONAL RECORD of June 6, 1989, and ask unanimous consent, to save the expense of reprinting on the Executive Calendar, that these nominations lie at the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. INOUYE, from the Select Committee on Indian Affairs:

Eddie F. Brown, of Arizona, to be an Assistant Secretary of the Interior.

By Mr. PELL, from the Committee on Foreign Relations:

Melvyn Levitsky, of Maryland, to be Assistant Secretary of State for International Narcotics Matters;

Richard H. Solomon, of the District of Columbia, to be an Assistant Secretary of State;

Fred M. Zeder II, of New York, to be President of the Overseas Private Investment Corporation;

Mark L. Edelman, of Missouri, to be Deputy Administrator of the Agency for International Development;

E. Patrick Coady, of Virginia, to be United States Executive Director of the International Bank for Reconstruction and Development for a term of two years;

Donald Phinney Gregg, of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Korea.

(Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.)

Nominee: Donald P. Gregg.

Post: Ambassador to Korea.

Nominated: January 6, 1989.

Contributions, amount, date, and donee:

1. Self, no contributions made.

2. Spouse, no contributions made.

3. Children and spouses names: Lucy Gregg Buckley and husband Christopher; John Phinney Gregg; Margaret Alison Gregg. No contributions made by any person listed.

4. Parents names: Both deceased. Father died 1944. Mother, Lucy P. Gregg. Died 1988. Made no contributions that I know of. I was handling her finances prior to her death, so I would have known.

5. Grandparents names: All deceased prior to 1970.
6. Brothers and spouses, no brothers.
7. Sisters and spouses, no sisters.

Morton I. Abramowitz, of the District of Columbia, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Turkey.

(Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.)

Nominee: Morton I Abramowitz.
Post: Turkey.
Contributions, amount, date, and donee:
Self, none
Spouse (Sheppie), $100, 1986, Cong. Solarz campaign; $100, 1986, Cong. M. Barnes campaign; $150, 1988, Joel Pritchard campaign.
Children and spouses, Michael and Rachel, none.
Parents, Mendel and Dora—deceased more than 5 years ago.
Grandparents, Abraham and Sarah—deceased more than 5 years ago.
Brothers and spouses, William Irving and Harry—deceased more than 5 years ago.
Sister and Spouses, Molly Tatel, none; Mrs. William Epstein, none; Eleanor Sreb; $25, 1986, Democratic National Committee.

Thomas Michael Tolliver Niles, of the District of Columbia, a Career Member of the Senior Foreign Service, Class of Career Minister, to be the Representative of the United States of America to the European Communities, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

(Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.)

Nominee: Thomas Michael Tolliver Niles.
Post: USEC Brussels.
Contributions, amounts, date, and donee:
1. Self, none.
2. Spouse, none.
3. Children and spouses, John Thomas, none; Mary Chapman, none.
4. Parents, Mrs. J.J. Niles (mother), none; father, deceased.
5. Grandparents, deceased.
6. Brothers and spouses, John E. Niles, none.
7. Sisters and spouses, none.

Jewel S. Lafontant, of Illinois, to be United States Coordinator for Refugee Affairs and Ambassador-at-Large while serving in this position, vice Jonathan Moore, resigned.

(Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.)

Nominee: Jewel S. Lafontant.
Post: Ambassador-at-Large and U.S. Coordinator for Refugee Affairs.
Nominated: May 5, 1989.
Contributions, amount, date, and donee:
Self, $1,000*, 1986, Reagan/Thompson luncheon. $2,000* (raised from individuals), November 1987, George Bush for President. $6,000 (raised from individuals), 1988, National Finance Committee for George Bush. $10,000* (raised from individuals), 1988, Victory '88 Event with President Reagan.
2. Spouse, (deceased).
3. Children and spouses, John W. Rogers (son), $1,000, November 1987, George Bush; $1,000, April 1988, George Bush. Desiree Rogers (daughter-in-law), $1,000 April 1988, George Bush.
4. Parents, (deceased).
5. Grandparents, (deceased).
6. Brothers and spouses (deceased).
7. Sisters and spouse, (no sisters).

* Approximately.

Edward N. Ney, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Canada.

(Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.)

Nominee: Edward N. Ney.
Post: Ambassador to Canada.
Contributions, amount, date, and donee:
1. Self:

1988

The Senator Lloyd Bentsen Election Committee	$500
BiPartisan Budget Appeal	250
Bush—The Presidential Trust	10,000
Bush—Victory 1988	2,000
Friends of Senator D'Amato for Senate	1,000
Dole for President Committee	1,000
Bill Green, Republican Committee for Bill Green	250
Committee for Senator Roy M. Goodman, Friends of Senator Roy M. Goodman	250
People for John Heinz Committee	250
Citizens for Morganthau and Morganthau 1989	1,000
M&N Committee	1,000
Bob McMillan for U.S. Senate	250
NYS Republican State Committee and Finance Committee	2,500
NYS Republican County Committee	100
PaineWebber Fund for Better Government	1,000
Republican National Committee	1,040
Ned Regan Support Committee	500
Republican Congressional Leadership Council	500
Robb for Senate	100

1987

George Bush, The Vice President's Exploratory Account	$250
The Senator Lloyd Bentsen Election Committee	250
Friends of Senator D'Amato for Senate	250
Danforth for Senate	250
Dante Fascell Campaign Committee	250
Committee for Senator Roy M. Goodman, Friends of Senator Roy M. Goodman	250
NYS Republican State Committee and Finance Committee	500
People for the American Way	100
PaineWebber Fund for Better Government	1,000
Republican National Committee	40
Republican Congressional Leadership Council and Booster Club	200
Citizens for Vignola	100
John William Ward Fund	200

1986

George Bush, The Vice President's Exploratory Account	$750
Missourians for Kit Bond	1,000
Victory 1986 (D'Amato)	1,000
Fund for America's Future (Bush)	10,000
Friends of Andy O'Rourke	1,500
New York Salute to President Reagan	1,000
People for O'Rourke	1,500
People for the American Way (Bush)	250
New York Republican State Finance Committee	1,000
Republican Congressional Leadership Council	2,500
Conservative Party	250
Dante Fascell Campaign Committee	250
Bill Green, Republican Committee for Bill Green	500
Committee for Senator Roy M. Goodman, Friends of Senator Roy M. Goodman	250
Haughton for Congress Committee	500
Ken Kramer for Senate Committee	500
Republican National Committee	150
Ned Regan Support Committee	750
Arlene Specter for MS Committee	250
Snelling 1986 Committee	250
Sanford G. Weiner	100

1985

Citizens for Morgenthau	$2,125
D'Amato for Senate	1,000
Empire Club	1,000
Fund for Americas Future (Bush)	5,000
New Yorkers for Koch	1,000
BiPartisan Budget Appeal	250
Dante Fascell Campaign Committee	200
Bill Green, Republican Committee for Bill Green	100
1985 GOP Victory Fund	650
Committee for Senator Charles Grossly	100
Hatch Election Committee	500
New York for Koch 1985	1,250
Re-Elect Representative Jack Kemp	500
The President's Dinner	250
People for the American Way (Bush)	500
Republican National Committee	40
Arlene Specter for MS Committee	100

2. Spouse, Judith L. Ney:
$250, 1987, George Bush, The Vice President's Exploratory Account.
$750, 1986, George Bush, The Vice President's Exploratory Account.
$5,000, 1985, Fund for Americas Future (Bush).
3. Children and spouses names, Hilary Ney, Nicholas H. Ney, Michelle Ney Kilduff (John), none.
4. Parents names, John Ney (deceased); Marie Ney, none.
5. Grandparents names, (deceased).
6. Brothers and spouses names, John and Marion Ney, none.
7. Sisters and spouses names, none.

Robert D. Orr, of Indiana, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Singapore.

Nominee: Robert D. Orr.
Post: Ambassador to Singapore
(Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.)
Contributions, amount, date, and donee:
1. Self: See attached sheet.
1. Self, $50, 1985, Republican National Committee; $100, 1986, Quayle for Senate; $200, 1986, McIntyre for Congress; $150, 1987, Citizens for Lugar; $100, 1987, Republican National Committee; $100, 1988, Republican National Committee; $401, 1988, Quayle for Vice President (before convention); $250, 1989, Dan Heath for Congress.
2. Spouse, none.
3. Children and spouses, none.

4. Parents, Samuel L. Orr and Louise D. Orr, deceased.

5. Grandparents, James L. Orr and Kate H. Orr, deceased.

6. Brothers and spouses, Samuel and Jane Orr, $30 each 1985-86-87-88; Republican National Committee; $100, 1988, Bush for President.

7. Sisters and spouses, Mrs. Albert Trostel $100, 1986, Kasten for Senator; $1,000, 1988, Susan Engelbiter for Senate.

Albert Trostel, deceased.

C. Howard Wilkins, Jr., of Kansas, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of the Netherlands.

(Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.)

Nominee: Calvin Howard Wilkins, Jr.

Post: Ambassador to the Netherlands.

Contributions, amount, date, and donee:

1. Self:

$5,000, February 23, 1988, National Republican Senatorial Committee;

$10,000, May 6, 1988, Presidential Trust;

$200, June 14, 1988, Dave Crocket for Senate;

$1,000, June 20, 1988, Karnes for Senate;

$1,000, June 20, 1988, Heinz for Senate;

$1,000, June 23, 1988, Trent Lott for Mississippi.

$1,000, July 8, 1988, Strinden for Senate;

$1,000, July 8, 1988, Burns for Senate;

$500, July 8, 1988, Thompson for Congress;

$500, October 14, 1988, Lee Thompson for Congress;

$5,000, February 23, 1987, Campaign America;

$1,000, February 26, 1986, Campaign America;

$1,000, March 24, 1986, Knight for Congress;

$4,000, April 25, 1986, Campaign America;

$1,000, May 1, 1986, Jim Santini for Senate;

$1,000, May 15, 1986, Kit Bond for Senate;

$400, May 15, 1986, Jan Myers for Congress;

$1,000, May 15, 1986, Henson Moore for Senate;

$1,000, May 15, 1986, Dick Snelling for Senate;

$1,000, July 16, 1986, Re-elect Frank Murkowski;

$1,000, August 29, 1986, Ed Zschau for Senate;

$1,000, August 29, 1986, Ken Kramer for Senate;

$1,000, August 29, 1986, Mack Mattingly for Senate;

$1,000, August 29, 1986, Jim Broyhill for Senate;

$1,000, August 29, 1986, James Abdnor for Senate;

$500, September 29, 1986, Knight for Congress;

$2,000, February 12, 1985, Republican Majority Fund;

$3,000, April 23, 1985, President's Dinner;

$10,000, June 4, 1985, Senatorial Trust;

$500, July 29, 1985, Arlen Specter for Senate;

$1,000, September 11, 1985, Symms for Senate;

$300, September 16, 1985, Republicans Abroad;

$1,000, October 17, 1975, Friends of Senator Nickles;

$2,000, November 21, 1985, Fund for America's Future;

$1,000, January 27, 1984, Domenici for Senate;

$1,000, January 27, 1984, Domenici for Senate;

$1,000, January 27, 1974, McClure for Senate;

$1,000, January 27, 1984, McClure for Senate;

$1,000, January 27, 1984, Warner for Senate;

$250, February 20, 1984, Duperier for Congress;

$1,000, February 23, 1984, Cochran for Senate;

$1,000, February 23, 1984, Humphrey for Senate;

$1,000, April 5, 1984, Schultz for Congress;

$1,000, June 20, 1984, Uhlmann for Congress;

$500, July 17, 1984, Myer for Congress;

$10,000, September 4, 1984, Presidential Trust;

$1,000, September 18, 1984, Richardson for Senate;

$1,350, December 20, 1984, Republican National Committee;

$200, May 18, 1984, Allen for Senate; and

$1,000, May 23, 1984, Boschwitz for Senate.

2. Spouse, divorced, none.

3. Children and spouses, Wendy P. Wilkins, C. Howard Wilkins III, Garth B. Wilkins, Jason T. Wilkins, Tyler A. Wilkins, none.

4. Parents, Jane Austin Wilkins, deceased. C. Howard Wilkins:

$100, July 10, 1988, Jim Burgess for Congress;

$100, October 10, 1988, Libertarian Party;

$100, May 29, 1987, George Bush for President;

$100, September 21, 1987, George Bush for President;

$100, July 6, 1987, Libertarian Party;

$100, October 14, 1987, George Bush for President;

$100, March 3, 1986, Libertarian Party;

$250, May 8, 1986, Larry Jones for Governor;

$100, June 23, 1986, Larry Jones for Governor;

$100, July 5, 1986, Bicknell for Governor;

$400, October 9, 1986, Knight for Congress;

$100, December 30, 1986, Libertarian Party;

$50, July 23, 1985, Libertarian Party;

$1,000, August 1, 1984, Republican Majority Fund; and

$75, December 2, 1984, Libertarian Party.

5. Grandparents, deceased.

6. Brothers and spouses, Robert A. Wilkins, Karen Wilkins, none.

7. Sisters and spouses, Jane W. Gifford and Paul Gifford, none.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. ROTH:

S. 1202. A bill to amend title 10, United States Code, to provide for the centralized planning and conduct of major defense acquisition programs of the Department of Defense, to establish in the Department of Defense a Defense Acquisition Agency, and for other purposes; to the Committee on Armed Services.

By Mr. McCAIN (for himself, Mr. INOUYE, Mr. DECONCINI, Mr. GORTON, Mr. COCHRAN, and Mr. BURDICK):

S. 1203. A bill to encourage Indian economic development; to the Committee on Finance.

By Mr. HOLLINGS:

S. 1204. A bill to improve the enforcement of the trade laws of the United States, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. MATSUNAGA (for himself, Mr. PRYOR, Mr. CONRAD, Mr. COCHRAN, Mr. SYMMS, Mr. MCCLURE, Mr. BUMPERS, and Mr. COATS):

S. 1205. A bill to amend the Agriculture Trade Development and Assistance Act of 1954 to permit foreign currency proceeds derived from the sale of commodities to be used to support research and development programs in agriculture and aquaculture, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. HELMS:

S. 1206. A bill to amend the Immigration and Nationality Act to change the level, and preference system for admission, of immigrants to the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. PACKWOOD:

S. 1207. A bill to amend the Communications Act of 1934 to reform the radio broadcast license renewal process and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. HEINZ:

S. 1208. A bill to temporarily suspend the duty on certain fine woolen fabrics; to the Committee on Finance.

By Mr. GORTON (for himself, Mr. MCCAIN, Mr. BOSCHWITZ, Mr. GRAMM, Mr. MCCLURE, Mr. LOTT, Mr. KASTEN, Mr. MCCONNELL, Mr. DOMENICI, Mr. WILSON, and Mr. BRYAN):

S. 1209. A bill to grant permanent residence status to certain nonimmigrant natives of the People's Republic of China; to the Committee on the Judiciary.

By Mr. MOYNIHAN (for himself, Mr. BURDICK, Mr. MITCHELL, Mr. LAUTENBERG, Mr. CHAFEE, and Mr. DURENBERGER):

S. 1210. A bill to conduct a comprehensive national assessment of the nature and extent of aquatic sediment contamination; to the Committee on Environment and Public Works.

By Mr. CRANSTON (for himself, Mr. MATSUNAGA, Mr. DECONCINI, and Mr. MITCHELL):

S. 1211. A bill to require the Secretary of Veterans' Affairs to pay the maximum amount of special pay authorized for Department of Veterans' Affairs physicians and dentists; to the Committee on Veterans' Affairs.

By Mr. GORE (for himself, Mr. MITCHELL, Mr. CHAFEE, Mr. WIRTH, Mr. HEINZ, and Mr. KERRY):

S.J. Res. 159. Joint resolution to designate April 22, 1990 as "Earth Day," and to set aside the day for public activities promoting preservation of the global environment; to the Committee on the Judiciary.

By Mr. LAUTENBERG (for himself, Mr. CRANSTON, Mr. MURKOWSKI, Mr. PELL, Mr. CONRAD, Mr. MATSUNAGA, Mr. ROBB, Mr. BUMPERS, Mr. DIXON, Mr. JEFFORDS, Mr. BOREN, Mr. HOLLINGS, Mr. GORE, Mr. HEFLIN, Mr. COCHRAN, Mr. INOUYE, Mr. DOLE, Mr. SIMPSON, Mr. DECONCINI, Mr. KERRY, Mr. SIMON, Mr. LIEBERMAN, Mr. HATCH, Mr. MITCHELL, Mr. GRAHAM, Mr. SASSER, Mr. PRYOR, Mr. RIEGLE, Mr. BOSCHWITZ, and Mr. BENTSEN):

S.J. Res. 160. Joint resolution to designate December 7, 1989, as "National Pearl Harbor Remembrance Day" on the occasion of the anniversary of the attack on Pearl Harbor; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ROTH:

S. 1202. A bill to amend title 10, United States Code, to provide for the centralized planning and conduct of major defense acquisition programs of the Department of Defense, to establish in the Department of Defense Acquisition Agency, and for other purposes; to the Committee on Armed Services.

DEPARTMENT OF DEFENSE ACQUISITION REORGANIZATION ACT

Mr. ROTH. Mr. President, I am pleased to introduce today legislation to create a civilian acquisition agency within the department of defense, which is a revised and improved version of my earlier bill—S. 433. This proposal would amend title 10, of the United States Code, to establish a defense acquisition agency to perform most weapons acquisition functions within DOD.

This agency, staffed by well-trained, experienced, career experts, would assume responsibility for the management of major weapon acquisition programs from the military services. I firmly defend that this approach will result in more effectively managed and less costly weapons programs.

When I first proposed this idea about 4 years ago, it received little attention because it was considered too radical an approach. However, the continuing problems with DOD's process for acquiring weapons point to the need for basic change in how things are done.

The report of the joint project on monitoring defense reorganization, sponsored by the Johns Hopkins Foreign Policy Institute and the Center for Strategic and International studies and cochaired by Mr. Harold Brown and Mr. James Schlesinger, said that little progress has been made in the area of weapons acquisition. Clearly the time is right to take a serious look at a new approach.

In his message to the joint session of Congress on February 9, 1989, President Bush directed the Secretary of Defense to improve the defense procurement process. The Secretary was to develop a plan to implement the spirit as well as the letter of the Packard Commission Report and the Goldwater-Nichols Act.

The drafters of both the Packard Commission Report and the Goldwater-Nichols legislation concluded that the current procedures through which military requirements were established could be improved by: First, strengthening the links between strategy and decisions on the numbers and characteristics of military forces; second, strengthening the role of the chairman and commander in chief in developing joint military needs; and third, by emphasizing affordability in all divisions on military strategy, forces, and weapon characteristics. There has been some progress made in the first two areas but little has been made regarding affordability. Hopefully the DOD review currently under the direction of Mr. Atwood will recognize the need for a new approach to the way we acquire weapons. I welcome the opportunity to work with President Bush and Secretary Cheney in reforming our defense procurement process.

Mr. President, my bill would complement the legislation which sought to implement the intent of the Packard Commission Report and the Goldwater-Nichols reforms. The news Under Secretary of Defense for Acquisition would be the head of the Defense Acquisition Agency and the military services would continue to determine the needs and performance requirements for weapons systems.

Once the decisions are made on what weapons to buy and how many resources will be expended, the Under Secretary would have full authority over the actual implementation. The military services would no longer be in charge of weapons acquisition, but would continue to serve to provide the military user's viewpoint to test the weapons, and work with the buyers throughout the life of a weapons system.

The work force for the Defense Acquisition Agency will be highly professional, with required degrees in science, engineering, business, financial management, or related disciplines. I envision a corps of acquisition professionals comparable to the specialized corps for military engineers or medical personnel who would be career arms designers and buyers trained to understand both the mechanics of weapons systems acquisition and the need for operational realities and valid individual service interests.

Mr. President, I would point out that in creating such an agency, we should be fully prepared to establish a separate personnel system to ensure that the Secretary has the full authority to create, compensate, and train the acquisition work force. This is why the bill would set up a special salary scale and bonus system based on achievement to permit the Secretary to recruit and retain the professional work force that such an agency will attract. Personnel in the agency would be eligible for higher compensation and agency managers would be granted greater flexibility in personnel matters. The bill also requires continued training and development in their assigned fields.

The purpose of my bill is to make a fundamental change in the way the United States acquires its weapon systems.

I am proposing that acquisition authority be removed from the military services and given to a civilian acquisition corps headed by the Under Secretary of Defense for Acquisition. The Defense Acquisition Agency would provide for the centralized planning and conduct of all major defense acquisition programs.

The Under Secretary would have full authority to implement the Secretary of Defense's decisions on what weapons to acquire and how many resources would be devoted to acquisition. As the full-time Defense Acquisition Executive, the Under Secretary would actively assist the Secretary in making these decisions and as required by law would have specific authority to direct the Secretaries of the military services.

Under my proposal, the Under Secretary of Defense for Acquisition would work closely with the Vice Chairman of the Joint Chiefs of Staff to ensure that the feasibility of common-use and/or joint solutions to military service requirements is adequately considered. To foster commonalty and avoid redundant efforts, all major defense acquisition programs should be reviewed by the Under Secretary of Defense for Acquistion and the Vice Chairman for potential common-use and/or joint solutions from very early in the concept exploration/definition phase of a weapon system.

Consideration should also be given to determining the extent to which there is commonalty of parts or components among the weapon systems to be acquired for the military services.

Mission-need statements for major defense acquisition programs are to include a cooperative opportunities assessment to indicate whether or not a program addressing a similar need as in development or production by one of our allies. If so, the assessment should address whether a cooperative program could possibly satisfy the military requirement of the United States.

The Under Secretary of Defense for Acquisition working together with the Vice Chairman needs to ensure that this requirement is fulfilled and that proper consideration is given to

weapon systems available from our Allies which might meet U.S. needs. Such consideration would assist in efforts to seek standardization and interoperability of weapons within U.S. military alliances.

My bill is designed to focus on the basic causes of the continuing problems with the defense acquisition process and to seek long-term solutions which will make some of the critically needed changes in how we go about selecting, developing, and producing the weapons that are used to defend this country. My bill is focused on major defense acquisition programs and will not change any of the existing processes for acquisition of common supply items such as those currently procured by the defense logistics agency.

It is important to note that my proposal will not separate the military user from the acquisition process. The military services would continue to perform several major roles in the acquisition of weapon systems. First, they would continue to be responsible for determining deficiencies in mission capability and for presenting the difference between the threat and the mission.

The need for a new capability is approved by the Secretary of Defense during the development of the military service Program Objective Memorandums. After approval of the need, the Under Secretary of Defense for Acquisition would be tasked to direct the exploration of alternative ways of developing the new capability. The military service would concentrate on developing a statement of need and performance requirements for use by the Under Secretary of Defense for Acquisition in concept exploration and definition activities.

The military service would then turn their attention to the preparation of a test and evaluation master plan which would guide the Under Secretary of Defense for Acquisition during subsequent phases of the acquisition process.

Completion of full-scale development would be marked by acceptance of the weapon by the military services. Once the service agrees that the selected weapon is operationally feasible and will meet the mission deficiency, the decision for full-rate production can be made. The Under Secretary of Defense for Acquisition would also work closely with the military services to achieve operational readiness for the deployed system and to resolve concerns with fielding and supporting the system.

My proposal would permit interaction between the Under Secretary of Defense for Acquisition and the military services throughout the life of a weapon system. Military personnel can serve in the proposed Defense Acquisition Agency. The only fundamental change is removing the authority of the military services for acquiring weapons. This should free the military to perform its primary roles of strategic and tactical planning, serving in operational commands, and training the forces to fight.

Mr. President, I would be the first to acknowledge that it is no simple task to manage the development and production of a major weapon system and to keep the program on schedule and within cost. If it were, the dozens and dozens of acquisition improvement efforts which have been initiated by virtually every administration would certainly by now have given us a more efficient and well-managed acquisition process.

Unfortunately, the reform goals have not been achieved. In fact, the problems continue and the acquisition process today may actually be in worse shape than it was only a few years ago.

The public has the perception that we do not really know how to build dependable, reasonably priced weapons. The fact is that the public's view of defense matters is greatly influenced by their perceptions of the way our weapon systems programs are managed.

I am concerned, as are other Senators, that the public is convinced the current process used to buy weapons is broke and cannot be repaired without some type of fundamental change. The growing disillusionment with the management of the acquisition process is a very serious matter and one that I, as a strong proponent of a revitalized defense, am anxious to see reversed.

In these times of declining budgets, we need to strive to get the most out of every dollar that we spend for national defense. In today's climate of declining budgets and public mistrust, we need to consider changes which will get the job of acquiring weapons done and done well. This will restore the public's confidence that real improvements have been made. This is why I have offered my proposal for the establishment of the defense acquisition agency.

In considering the causes of the continuing problems we have experienced with the defense acquisition process and the many reform proposals that have been made, it becomes apparent to me that a fundamental change is needed. I believe we should consider more comprehensive and far-reaching changes than the ones considered to date. My proposal would clearly change the status quo, but I believe it would set us on the path to real and long lasting improvement.

Our current military service dominated acquisition process results in a confusing morass of different procurement organizations and policies, prevents attention from being given to the cost of weapons in setting requirements, cuts off real consideration of potential joint developments, uses improperly trained or experienced military officers, allows high turnover of personnel in key acquisition positions, and affords no accountability for the success or failure of a weapon program.

For military officers, managing an acquisition program is not often a career or procurement official.

A centralized civilian weapons acquisition agency with the streamlined management structure envisioned by the Packard Commission and others would help to ensure the continuity of key personnel and to establish a direct line of command and communication.

Less people would be involved and there would be a more cost-effective organization. Acquisition is a business function, not a military one. Taking responsibility from the military returns valuable military personnel to their primary job of operating and commanding military forces.

I urge my colleagues to review this proposal, to weigh it against our current process in DOD, and to join with me as the debate begins on how best to create a more effective and efficient approach to developing and producing the weapons needed for our national security.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1202

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Department of Defense Acquisition Reorganization Act of 1989".

SEC. 2. CENTRALIZATION OF MAJOR DEFENSE ACQUISITION PROGRAM AUTHORITY IN THE UNDER SECRETARY OF DEFENSE FOR ACQUISITION.

(a) AUTHORITY FOR MAJOR DEFENSE ACQUISITION PROGRAMS.—Section 133(b) of title 10, United States Code, is amended by striking out clause (1) and inserting in lieu thereof the following:

"(1) planning and conducting, subject to section 2439 of this title, all major defense acquisition programs and supervising all other Department of Defense acquisitions;".

(b) CONDUCT OF MAJOR DEFENSE ACQUISITION PROGRAMS.—(1) Chapter 144 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 2439. Conduct of major defense acquisition programs

"(a) RESPONSIBILITY OF THE UNDER SECRETARY OF DEFENSE FOR ACQUISITION.—Subject to the authority, direction, and control of the Secretary of Defense, the Under Secretary of Defense for Acquisition shall plan and conduct all major defense acquisition programs in accordance with funding priorities established by the Secretary of Defense.

"(b) DEVELOPMENT OF NEEDS AND PERFORMANCE STANDARDS.—(1) The Secretary of each military department, with respect to a

major defense acquisition program for such department, and the head of each Defense Agency, with respect to a major defense acquisition program for such agency, shall—

"(A) determine and define the procurement needs of that department or agency for such program;

"(B) determine and define the performance standards for the system or systems to be acquired under the program; and

"(C) report such needs and standards to the Under Secretary of Defense for Acquisition.

"(2) During the determination and definition of procurement needs and performance standards for a major defense acquisition program, the Secretary of a military department or the head of a Defense Agency, as the case may be, shall consult with the Under Secretary of Defense for Acquisition regarding the likely availability of resources for the acquisition of a system or systems that meets the proposed needs in accordance with the proposed performance standards.

"(3) Performance standards must be realistic and must relate to a specific defined need.

"(4) Procurement needs and performance standards determined and defined by the Secretary of a military department or the head of a Defense Agency for purposes of this subsection may be revised by the Secretary of Defense.

"(c) SELECTION OF SPECIFIC SYSTEM.—(1) The Secretary of Defense, acting through the Under Secretary of Defense for Acquisition, shall select the system concept for design under a major defense acquisition program, taking into consideration the acceptable level of risk for a system under such program.

"(2) The Secretary of Defense, after consultation with the Joint Chiefs of Staff, the Under Secretary of Defense for Acquisition, and other appropriate staff officials in the office of the Secretary, shall determine and define what level of risk is acceptable for a system to be acquired under a major defense acquisition program.

"(3) In this subsection, the term 'level of risk', with respect to a system, means the extent to which the system lacks the capability to meet a specific threat to national security or to meet another specific national security need, taking into consideration the availability or anticipated availability of other systems to meet such threat or need.

"(d) ACCEPTANCE OF A SPECIFIC SYSTEM.—The Secretary of a military department or the head of a Defense Agency for which a major defense acquisition program is conducted shall determine whether the system acquired under such program meets the needs of such department or agency.

"(e) DUTIES OF THE UNDER SECRETARY OF DEFENSE FOR ACQUISITION.—In planning for and conducting a major defense acquisition program for the acquisition of a system, the Under Secretary of Defense for Acquisition—

"(1) shall consult with and receive information, evaluations, analyses, and advice from the Secretaries of the military departments and the heads of appropriate Defense Agencies with regard to the need and justification for, and any modification of, such system;

"(2) shall consider whether the acquisition of a system from any allied government would meet the need of each military department for which the system is to be acquired;

"(3) shall consult with the Joint Chiefs of Staff and the Vice Chairman of the Joint Chiefs of Staff regarding—

"(A) the potential for two or more military departments to use the system to be acquired under such major defense acquisition program; and

"(B) potential alternative systems suitable for common use by two or more military departments;

"(4) in the case of a program for the acquisition of a system for two or more military departments, shall determine the extent to which there is a commonality of parts and components among the systems to be acquired for such military departments;

"(5) shall carry out functions, consistent with the provisions of this title and applicable acquisition regulations, relating to the research for, development of, and production of the system under such major defense acquisition program, including—

"(A) determining the feasibility of conducting research for, development of, and production of such system;

"(B) preparing cost estimates, requests for appropriations under section 1108 of title 31 (reflecting the funding priorities established by the Secretary of Defense), and other budget materials;

"(C) preparing Selected Acquisition Reports for the Secretary of Defense, as directed by the Secretary, for purposes of section 2432 of this title;

"(D) preparing baseline reports and descriptions;

"(E) preparing solicitations;

"(F) evaluating bids and proposals;

"(G) selecting contractors;

"(H) establishing and improving programs and methods that foster maximum cost control and enhance productivity and manufacturing operations;

"(I) establishing schedule goals and determining compliance with such goals;

"(J) making contract payments;

"(K) making contract changes; and

"(L) terminating contracts;

"(6) during the conduct of the major defense acquisition program for a military department or a Defense Agency, shall consult on a continuing basis with the Secretary of such department or the head of such agency, as the case may be, and shall request the advice and comments of such Secretary or agency head on the conduct of the program; and

"(7) shall be the sole representative of the Department of Defense in negotiating with representatives of the private sector in connection with the major defense acquisition program.

"(f) UNDER SECRETARY OF DEFENSE FOR ACQUISITION NOT TO BE RESPONSIBLE FOR OPERATIONAL TEST AND EVALUATION.—The Under Secretary of Defense for Acquisition is not responsible for conducting, monitoring, or reviewing operational test and evaluation under a major defense acquisition program.

"(g) DEFINITION.—In this section, the term 'system' includes a subsystem and any component related to the system.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2438 the following:

"2439. Conduct of major defense acquisition programs.".

(c) REVISION OF PROCUREMENT AUTHORITY OF MILITARY DEPARTMENTS.—Section 2302(1) of title 10, United States Code, is amended to read as follows:

"(1) The term 'head of an agency' means the Secretary of Defense (acting through the Under Secretary of Defense for Acquisition in the case of major defense acquisition programs, as defined in section 2430 of this title), the Secretary of the Army (except in the case of a major defense acquisition program), the Secretary of the Navy (except in the case of a major defense acquisition program), the Secretary of the Air Force (except in the case of a major defense acquisition program), the Secretary of Transportation, and the Administrator of the National Aeronautics and Space Administration.".

SEC. 3. DEFENSE ACQUISITION AGENCY

(a) ESTABLISHMENT.—(1) Part IV of subtitle A of title 10, United States Code, is amended by inserting after chapter 135 the following new chapter:

"CHAPTER 136—DEFENSE ACQUISITION AGENCY

"Sec.
"2281. Establishment.
"2282. Duties.
"2283. Civilian personnel.
"2284. Members of the armed forces.
"2285. Definition.

"§ 2281. Establishment

"There is a Defense Acquisition Agency in the Department of Defense. The Under Secretary of Defense for Acquisition is the head of the Defense Acquisition Agency.

"§ 2282. Duties

"The Under Secretary of Defense for Acquisition shall plan and conduct major defense acquisition programs through the Defense Acquisition Agency.

"§ 2283. Civilian personnel

"(a) CIVILIAN PERSONNEL SYSTEM.—(1) The Secretary of Defense shall establish by regulation a special personnel system for civilian employees of the Defense Acquisition Agency. The regulations establishing such system shall—

"(A) establish the rates of pay for employees of the Defense Acquisition Agency not to exceed the maximum rate of basic pay payable for the Senior Executive Service under section 5382 of title 5;

"(B) provide for removal of an employee of the Defense Acquisition Agency to a position outside the Defense Acquisition Agency consistent with the terms, conditions, and procedures provided in section 3592 of such title for removal of a career appointee in the Senior Executive Service to a position outside the Senior Executive Service, except that any hearing or appeal to which an employee of the Defense Acquisition Agency is entitled shall be held and decided pursuant to procedures prescribed by the Secretary of Defense in such regulations;

"(C) provide for removal or suspension of an employee of the Defense Acquisition Agency for a period of more than 14 days consistent with subsections (a), (b), and (c) of section 7543 of title 5 (relating to the removal or suspension for such a period of a career appointee in the Senior Executive Service), except that any hearing or appeal to which an employee of the Defense Acquisition Agency is entitled shall be held and decided pursuant to procedures prescribed by the Secretary of Defense in such regulations;

"(D) permit the payment of performance awards to employees of the Defense Acquisition Agency consistent with the provisions applicable to performance awards under section 5384 of title 5; and

"(E) establish career recruiting and training (including high-technology training) programs for the Defense Acquisition Agency that promote (i) the recruitment of personnel capable of attaining expertise in a broad range of acquisition functions, (ii) the attainment of such expertise by each acquisition employee of the agency, and (iii) the retention of employees who attain such expertise.

"(2) Subject to paragraph (1), the Secretary of Defense—

"(A) may make applicable to employees of the Defense Acquisition Agency any of the provisions of title 5 that are applicable to applicants for or members of the Senior Executive Service; and

"(B) acting through the Under Secretary of Defense for Acquisition, may appoint, promote, and assign employees of the Defense Acquisition Agency to acquisition positions in the Defense Acquisition Agency without regard to the provisions of such title governing appointments, promotions, and assignments for personnel in the competitive service.

"(b) QUALIFICATIONS FOR APPOINTMENT.—The Secretary of Defense shall—

"(1) prescribe the qualifications for appointment of personnel to acquisition positions in the Defense Acquisition Agency; and

"(2) make appointments to such positions from among applicants who, by reason of education, experience, training, and performance on relevant examinations, are best qualified to perform the duties of that agency.

"(c) PERFORMANCE MANAGEMENT AND RECOGNITION.—The Secretary of Defense may establish and administer a performance management and recognition system for such employees of the Defense Acquisition Agency as the Secretary considers appropriate. Such system shall be consistent with the purposes set out in section 5401 of title 5 and with subsection (a)(1)(D) of this section.

"(d) ASSIGNMENTS.—The Secretary of Defense may assign and reassign an employee of the Defense Acquisition Agency to any position in that agency in which such employee is qualified to serve, as determined by the Secretary taking into consideration the needs of the agency.

"(e) INAPPLICABILITY OF OTHER PERSONNEL LAW.—The provisions of the personnel system established for civilian employees of the Defense Acquisition Agency pursuant to this subsection shall apply to such employees in lieu of the provisions of any personnel system relating to pay, removal to another position, adverse personnel actions, payment of performance awards, appointments, performance management and recognition, and assignments that, except for this subsection, would otherwise apply to such employees.

"§ 2284. Members of the armed forces

"(a) ASSIGNMENT TO THE DEFENSE ACQUISITION AGENCY.—The Secretary of Defense shall ensure that members of the armed forces are assigned to duty in the Defense Acquisition Agency in order to furnish the agency advice and assistance on the use of systems to be acquired under major defense acquisition programs. Subject to subsection (b), the Under Secretary shall determine the specific duties of each member assigned to duty in such agency.

"(b) DUTY LIMITATIONS.—A member of the armed forces may not serve as a major defense acquisition program manager or perform supervisory duties in the conduct of such a program.

"(c) PROMOTION POLICY.—(1) The Secretary of Defense shall ensure that the qualifications of members of the armed forces who are serving in, or have served in, assignments in the Defense Acquisition Agency are such that those members are expected, as a group, to be promoted at a rate not less than the promotion rate for all members of the same armed force in the same grade and competitive category.

"(2) The Secretary of Defense shall periodically (and not less often than every six months) report to Congress on the promotion rates of members of the armed forces who are serving in, or have served in, assignments in the Defense Acquisition Agency, especially with respect to the record of promotion selection boards in meeting the objective in paragraph (1). If such promotion rates fail to meet such objective, the Secretary shall immediately notify the Committees of Armed Services of the Senate and the House of Representatives of such failure and of what action the Secretary has taken or plans to take to prevent further failures.

"(3) The Under Secretary of Defense for Acquisition is not authorized to appoint, promote, or reduce to any grade any member of the armed forces assigned to duty in the Defense Acquisition Agency.

"§ 2285. Definition

"In this chapter, the term 'major defense acquisition program' has the same meaning as provided in section 2430 of this title.".

(2) The tables of chapters at the beginning of subtitle A of title 10, United States Code, and at the beginning of part IV of such subtitle, are each amended by inserting after the item relating to chapter 135 the following new item:

"136. Defense Acquisition Agency..... 2281".

(b) TRANSITION PROVISION.—To the extent practicable, the Secretary of Defense shall make appointments to acquisition positions in the Defense Acquisition Agency in accordance with section 2283 of title 10, United States Code (as added by subsection (a)) from among the best qualified civilians serving in acquisition positions in the Department of Defense during the implementation of the provisions of this Act and the amendments made by this Act.

SEC. 4. SAVINGS PROVISIONS

(a) CONTINUED EFFECTIVENESS OF ADMINISTRATIVE ACTIONS.—All contracts, orders, determinations, rules, regulations, permits, grants, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective by the Secretary or other officer or employee of a military department, or by the head or other officer or employee of a Defense Agency of the Department of Defense, or by a court of competent jurisdiction, in connection with any major defense acquisition program conducted by a military department or a Defense Agency, and

(2) which are in effect on the effective date of this Act,

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the Secretary of Defense, the Under Secretary of Defense for Acquisition, or another authorized official, by a court of competent jurisdiction, or by operation of law.

(b) PROCEEDINGS AND APPLICATIONS.—(1)(A) The provisions of this Act shall not affect any proceeding, including any proceeding involving a claim or application, in connection with any major defense acquisition program of a military department or a Defense Agency that is pending before any military department or Defense Agency on the effective date of this Act.

(B) Orders may be issued in any such proceeding, appeals may be taken therefrom, and payments may be made pursuant to such orders, as if this Act had not been enacted. An order issued in any such proceeding shall continue in effect until modified, terminated, superseded, or revoked by the Secretary of Defense or the Under Secretary of Defense for Acquisition, by a court of competent jurisdiction, or by operation of law.

(C) Nothing in this paragraph prohibits the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this Act had not been enacted.

(2) The Secretary of Defense may prescribe regulations providing for the orderly transfer of proceedings continued under paragraph (1) to the Secretary of Defense or to the Under Secretary of Defense for Acquisition.

(c) DEFINITION.—In this section, the term "major defense acquisition program" has the same meaning as provided in section 2430 of title 10, United States Code.

SEC. 5. CONFORMING AMENDMENTS

Title 10, United States Code, is amended as follows:

(1) Section 1584 is amended by inserting "or whose employment in connection with research and development activities under a major defense acquisition program is determined to be necessary by the Secretary of Defense" before the period at the end.

(2) Section 1621(1) is amended by striking out "or member of the armed forces assigned by the Secretary of a military department" and inserting in lieu thereof "assigned by the Under Secretary of Defense for Acquisition".

(3) Section 1622 is amended—

(A) in subsection (a)—

(i) by striking out "The Secretary of each military department" and inserting in lieu thereof "The Secretary of Defense"; and

(ii) by striking out the last sentence; and

(B) in subsection (d), by striking out "the Secretary concerned" and inserting in lieu thereof "the Secretary of Defense".

(4) Section 1623 is amended—

(A) in subsection (a)—

(i) by striking out "The Secretary of each military department" and inserting in lieu thereof "The Secretary of Defense"; and

(ii) by striking out the last sentence; and

(B) in subsection (c), by striking out "The Secretary concerned" and inserting in lieu thereof "The Secretary of Defense".

(5) Section 2329 is amended—

(A) in subsection (b), by striking out "the Secretary of a military department" and inserting in lieu thereof "the head of an agency";

(B) in subsection (c), by striking out "the Secretary concerned" each place it appears and inserting in lieu thereof "the head of an agency awarding such contract"; and

(C) by adding at the end the following new subsection:

"(d) APPLICABILITY.—This section does not apply to the Coast Guard or the National Aeronautics and Space Administration.".

(6) Section 2352 is amended by striking out "a military department" and inserting in lieu thereof "the Department of Defense".

(7) Section 2353 is amended—

(A) in the first sentence of subsection (a)—

(i) by striking out "a military department" and inserting in lieu thereof "the Department of Defense"; and

(ii) by inserting "(in the case of a contract of a military department) or the Secretary of Defense (in the case of a contract under a major defense acquisition program") after "the Secretary of the military department concerned"; and

(B) in subsection (b)(3), by inserting "or the Secretary of Defense, as the case may be," after "the Secretary concerned"

(8) Section 2354 is amended—

(A) in subsection (a), by striking out ", any contract of a military department" and inserting in lieu thereof "(in the case of a contract of a military department) or with the approval of the Secretary of Defense (in the case of a contract under a major defense acquisition program),";

(B) in subsection (c)—

(i) by inserting "or the Secretary of Defense, as the case may be" after "the Secretary of the department concerned"; and

(ii) by striking out "of his department"; and

(C) in subsection (d), by inserting "or the Secretary of Defense, as the case may be" after "the Secretary concerned".

(9) Section 2356(a) is amended by inserting "of his" in the first sentence after "may delegate any".

(10) Section 2357 is amended by inserting "(in the case of research and development contracts of such department) and the Secretary of Defense (in the case of research and development contracts under major defense acquisition programs)" after "The Secretary of each military department".

(11) Section 2393 is amended—

(A) in subsection (a)(1), by inserting "and, in the case of a major defense acquisition program, the Secretary of Defense" after "the Secretary of a military department"; and

(B) by adding at the end of subsection (c) the following:

"(3) The term 'Secretary concerned' includes the Secretary of Defense with respect to a major defense acquisition program.

"(4) The term 'major defense acquisition program' has the same meaning as provided in section 2430 of this title.".

(12) Section 2405(a) is amended by striking out "The Secretary of a military department" and inserting in lieu thereof "The Secretary of Defense".

(13) Section 2406 is amended—

(A) in subsection (a)—

(i) by striking out "head of an agency" and inserting in lieu thereof "Secretary of Defense (acting through the Under Secretary of Defense for Acquisition)";

(ii) by striking out "head of the agency" and inserting in lieu thereof "Secretary" each place it appears; and

(iii) by striking out "that agency" and inserting in lieu thereof "the Department of Defense"; and

(B) in subsection (f)—

(i) by striking out paragraph (1);

(ii) by redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively;

(iii) by striking out "2432(a)" in paragraph (1) (as redesignated by clause (ii)) and inserting in lieu thereof "2430"; and

(iv) by striking out "the head of an agency" in paragraph (3) (as redesignated by clause (ii)) and inserting in lieu thereof "the Secretary of Defense".

(14) Section 2433 is amended by striking out "Secretary concerned" each place it appears and inserting in lieu thereof "Secretary of Defense".

(15) Section 2435 is amended—

(A) by striking out "Secretary of the military department concerned" each place it appears and inserting in lieu thereof "Secretary of Defense";

(B) in subsection (a)(1), by striking out the matter before clause (A) and inserting in lieu thereof the following "The Secretary of Defense (acting through the Under Secretary of Defense for Acquisition) shall establish a baseline description for a major defense acquisition program—";

(C) in subsection (b)—

(i) in paragraph (1), by striking out "and to the senior procurement executive of such military department (designated pursuant to section 16(3) of the Office of Federal Procurement Policy Act (41 U.S.C. 414(3)))" and inserting in lieu thereof "the Under Secretary of Defense for Acquisition"; and

(ii) in paragraph (2), by striking out "will be missed by more than 90 days—" and all that follows and inserting in lieu thereof "will be missed by more than 90 days, establish a review panel—

"(A) to review such program; and

"(B) to submit the results of such review to the Secretary before the end of the 45-day period beginning on the date that the program deviation report is submitted under paragraph (1).."; and

(D) by adding at the end the following new subsection:

"(d) DELEGATION OF AUTHORITY TO THE UNDER SECRETARY OF DEFENSE FOR ACQUISITION.—The Under Secretary of Defense for Acquisition shall perform the duties of the Secretary of Defense under this section.".

(16) Section 2437(a)(1)(A) is amended by striking out "in each military department (as designated by the Secretary of the military department" and inserting in lieu thereof "(as designated by the Secretary".

(17) Section 2502(c)(1) is amended to read as follows:

"(c) ASSESSMENTS.—(1) the Secretary of Defense shall ensure that, for each major defense acquisition program, the Under Secretary of Defense for Acquisition has made an assessment of the following matters:

"(A) The capability of the domestic defense industrial base to meet requirements for that program.

"(B) The capability of the domestic defense industrial base to meet the aggregate requirements for all such programs.".

SEC. 6. EFFECTIVE DATE

This Act and the amendments made by this Act shall take effect 180 days after the date of the enactment of this Act.

By Mr. McCAIN (for himself, Mr. INOUYE, Mr. DECONCINI, Mr. GORTON, Mr. COCHRAN, and Mr. BURDICK):

S. 1203. A bill to encourage Indian economic development; to the Select Committee on Indian Affairs.

INDIAN ECONOMIC DEVELOPMENT ACT

Mr. McCAIN. Mr. President, one of the highest priorities of the Select Committee on Indian Affairs, and one of my personal priorities, in the 101st Congress is to promote the development of Indian reservation economies. In the 100th Congress the committee held numerous hearings to solicit comments on ways to improve current programs as well as to explore new ideas which would better assist tribes in alleviating the harsh economic conditions found on Indian reservations.

There is no doubt in my mind that bold and innovative measures will be required to overcome the years of poverty, despair and neglect afflicting native American communities. Many Indian people at this moment are living in conditions that rival those found in Third World countries. Unemployment is often three times the national average and for some tribes the levels regularly reach eighty and ninety percent. Health conditions are deplorable. Young Indian people are committing suicide at three times the national average; others are turning to alcohol and substance abuse. According to the 1980 census, 41 percent of reservation Indians were living in households with incomes below the poverty level, as compared to 12 percent for the United States as a whole. Tragically, the 1990 census will probably reveal another decade gone by with no discernible improvement in the socioeconomic status of reservation Indians.

Mr. President, it is time to end this tragedy. Over the years we have taken dramatic steps to economically revitalize countries and continents the world over. In Europe it was the Marshall Plan. In Puerto Rico it was "Operation Bootstrap." And each year the Congress appropriates funds for various types of foreign aid to a host of developing countries. It is time we made a similar commitment to Native Americans.

Unlike past Federal approaches toward Indian policy, however, tribal governments must be closely involved in the development and implementation of programs intended for their assistance and well-being. Under our constitutional system of government, the right of tribes to be self-governing and to share in our Federal system must not be diminished.

Previous attempts to encourage the development of reservation economies have invariably involved Federal agencies providing grants, subsidized loans, loan guarantees, and interest subsidies. There have been some success stories, but more often than not, the above programs have fallen short as a result of deficiencies in administration, lack of technical assistance, lack of project review and monitoring, and decreases in program funding.

One of the ideas I have twice proposed is the creation of Indian enterprise zones. As the name suggests, the bills were closely patterned after the more general enterprise zone proposals designed for the benefit of urban and rural areas, and included both tax and regulatory relief at the Federal and tribal levels. In reviewing previous efforts, I have earnestly solicited the

input of Indian leaders from around the country. Their input has been invaluable to me in taking another look at tax incentive legislation.

The bill I am introducing today, along with Senators INOUYE, DECONCINI, GORTON, COCHRAN, and BURDICK is a scaled down version of the legislation I introduced in the 99th and 100th Congresses. The emphasis is placed on direct investment incentives for reservation based economic activity. The underlying concept recognizes that most reservations already resemble enterprise zones in the sense that there is little or no regulation or taxation of economic activity.

Simply put, my bill provides tax incentives for tribes to use if they choose to do so. Some tribes will elect to use these incentives, other tribes will adopt a wait and see attitude. For some tribes, a wholly different approach will be necessary. If there is one thing I have learned during my 7 years of working on Indian issues, it is the fact that you cannot treat all tribes alike. What may work for the Navajo Nation, whose reservation is the size of West Virginia, does not necessarily apply to the Havasupai Tribe whose people live at the bottom of the Grand Canyon.

The four principal provisions in the Indian Economic Development Act of 1989 include:

First, investment tax credits. A 5-percent credit would be allowed for personal property. A credit of 20 percent would be allowed for new construction property. Investment in infrastructure would be allowed a 10 percent credit;

Second, nonrecognition of gain on the sale of reservation property would be allowed where reinvestment is made on an Indian reservation within 1 year;

Third, economically disadvantaged members of a federally recognized Indian tribe are classified as a targeted group for purposes of the Targeted Jobs Tax Credit. The credit amount is generally equal to 40 percent of the first $6,000 of wages paid to an eligible recipient in the first year of employment; and

Fourth, the bill adapts the "possessions tax credit" (also known as the "section 936" provisions, after the relevant section in the Internal Revenue Code) to apply to businesses operating on the reservation of a federally recognized Indian tribe. Under the credit's current provisions, income U.S. firms earn from business operations in the possessions (Puerto Rico, American Samoa, Guam, Commonwealth of the Northern Mariana Islands, and the Virgin Islands) is exempt from the Federal corporate income tax. This bill will extend that exemption to Indian reservations.

The bill does not mandate regulatory or tax incentives at the tribal level. This is a policy matter that, I believe, is best left for tribes to decide—keeping in mind that the level of regulation and taxation will be guided by market forces. Each tribe has to determine for itself the type of business climate they wish to create for private sector businesses.

Many business leaders have shared with me their concerns about doing business on Indian reservations. One fear is the lack of adequate recourse in civil and contract disputes. While the private sector's concerns need to be addressed, I believe a legislative solution is unnecessary. Indian tribes and businesses are fully capable of working through this area of concern as well as other maters that may arise. There are several examples in my home State of Arizona where large corporations and tribes have fashioned agreements which address all reasonable concerns of both the corporation's and the tribe's, including conflict resolution and complex jurisdictional issues.

Mr. President, it is my hope that the introduction of this bill will serve as a focal point for further discussion of these and other incentives. I have already communicated to President Bush and Secretary Kemp the need to include Indian tribes within their overall effort to pass enterprise zone legislation. I have received assurances that these incentives, and others that may be developed, will receive serious considerations.

Mr. President, last year the Congress vigorously debated the issue of Indian gaming. It remains clear to me that the reason so many tribes have turned to that form of economic development is that we have failed to adequately assist them in their efforts to pursue more traditional business opportunities. At the conclusion of that debate, I challenged the Members of Congress involved to focus their energies on finding ways to develop stronger reservation economies. I repeat that challenge.

Let us debate. Let us examine alternatives. But let us not ignore the very real suffering that has been plaguing native American communities for too long. The renowned Indian law scholar, Felix Cohen, perhaps said it best:

> Like the miner's canary, the Indian marks the shift from fresh air to poison air in our political atmosphere; and our treatment of Indians, even more than our treatment of other minorities, reflects the rise and fall of our political faith.

Mr. President, I ask unanimous consent that a copy of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1203

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Indian Economic Development Act of 1989".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

SEC. 2. PURPOSE.

It is the purpose of this Act to provide for the establishment of incentives in order to stimulate the creation of new jobs and employment training, to assist the development of reservation infrastructure, and to promote revitalization of economically distressed Indian reservations primarily by providing or encouraging tax relief at the Federal level.

SEC. 3. INVESTMENT TAX CREDIT FOR PROPERTY ON INDIAN RESERVATION.

(a) SECTION 38 PROPERTY.—Paragraph (1) of section 48(a) (defining section 38 property) is amended by striking "or" at the end of subparagraph (F), by striking the period at the end of subparagraph (G) and inserting "; or", and by adding after subparagraph (G) the following new subparagraph:

"(H) qualified Indian reservation property (within the meaning of subsection (t)) which is not otherwise section 38 property."

(b) AMOUNT OF CREDIT.—

(1) IN GENERAL.—Subsection (a) of section 46 (relating to amount of investment tax credit) is amended by striking "and" at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ", and", and by adding at the end thereof the following new paragraph:

"(4) in the case of qualified Indian reservation property, the Indian reservation percentage."

(2) INDIAN RESERVATION PERCENTAGE DEFINED.—Subsection (b) of section 46 is amended by adding at the end thereof the following new paragraph:

"(5) INDIAN RESERVATION PERCENTAGE.—For purposes of this subsection—

"In the case of qualified Indian reservation property which is:	The Indian reservation percentage is:
Reservation personal property (within the meaning of section 48(t)(2))	5
New reservation construction property (within the meaning of section 48(t)(3))	20
Reservation infrastructure investment (within the meaning of section 48(t)(4))	10."

(3) CONFORMING AMENDMENT.—Section 48(o) (defining certain credits) is amended by adding at the end thereof the following new paragraph:

"(4) INDIAN RESERVATION CREDIT.—The term 'Indian reservation credit' means that portion of the credit allowed by section 38 which is attributable to the Indian reservation percentage."

(c) DEFINITIONS AND TRANSITIONAL RULES.—Section 48 (relating to definitions and special rules) is amended by redesignating subsection (t) as subsection (u) and by inserting after subsection (s) the following new subsection:

"(t) QUALIFIED INDIAN RESERVATION PROPERTY.—

"(1) IN GENERAL.—The term 'qualified Indian reservation property' means property—

"(A) which is—

"(i) reservation personal property,

"(ii) new reservation construction property, or

"(iii) reservation infrastructure investment, and

"(B) not acquired (directly or indirectly) by the taxpayer from a person who is related to the taxpayer (within the meaning of section 465(b)(3)(C)).

"(2) RESERVATION PERSONAL PROPERTY DEFINED.—The term 'reservation personal property' means property—

"(A) for which depreciation is allowable under section 168,

"(B) which is not—

"(i) nonresidential real property,

"(ii) residential rental real property, or

"(iii) real property which has a class life of more than 12.5 years, and

"(C) which is used by the taxpayer predominantly in the active conduct of a trade or business within an Indian reservation.

Property shall not be treated as 'reservation personal property' if it is used or located outside the Indian reservation on any regular basis.

"(3) NEW RESERVATION CONSTRUCTION PROPERTY DEFINED.—The term 'reservation construction property' means property described in clause (i), (ii), or (iii) of paragraph (2)(B)—

"(A) which is located in an Indian reservation,

"(B) which is used by the taxpayer predominantly in the active conduct of a trade or business within an Indian reservation, and

"(C) which is originally placed in service by the taxpayer.

"(4) RESERVATION INFRASTRUCTURE INVESTMENT DEFINED.—

"(A) IN GENERAL.—The term 'reservation infrastructure investment' means reservation personal property which—

"(i) benefits the tribal infrastructure, and

"(ii) is available to the general public.

"(B) PROPERTY MAY BE LOCATED OUTSIDE THE RESERVATION.—For purposes of this paragraph, the term 'reservation personal property' includes property which would (but for its location outside the reservation) be Indian reservation property, but only if its purpose is to connect to existing tribal infrastructure in the reservation. Examples of property which may be described in this paragraph include roads, power lines, water systems, railroad spurs, and communication facilities.

"(5) REAL ESTATE RENTAL.—For purposes of this section, ownership (or leaseholding) of residential, commercial, or industrial real property within an Indian reservation for rental shall be treated as the active conduct of a trade or business in an Indian reservation.".

(d) LODGING TO QUALIFY.—Paragraph (3) of section 48(a) (relating to property used for lodging) is amended—

(1) by striking "and" at the end of subparagraph (C),

(2) by striking the period at the end of subparagraph (D) and inserting ", and," and

(3) by adding at the end thereof the following new subparagraph:

"(E) new reservation construction property."

(e) RECAPTURE.—Subsection (a) of section 47 (relating to certain dispositions, etc., of section 38 property) is amended by adding at the end thereof the following new paragraph:

"(10) SPECIAL RULES FOR INDIAN RESERVATION PROPERTY.—

"(A) IN GENERAL.—If, during any taxable year, property with respect to which the taxpayer claimed an Indian reservation credit—

"(i) is disposed of, or

"(ii) in the case of reservation personal property—

"(I) otherwise ceases to be section 38 property with respect to the taxpayer, or

"(II) is removed from the Indian reservation, converted, or otherwise ceases to be Indian reservation property,

the tax under this chapter for such taxable year shall be increased by the amount described in subparagraph (B).

"(B) AMOUNT OF INCREASE.—The increase in tax under subparagraph (A) shall equal the aggregate decrease in the credits allowed under section 38 by reason of section 46(a)(4) for all prior taxable years which would have resulted solely from reducing the expenditures taken into account with respect to the property by an amount which bears the same ratio to such expenditures as the number of taxable years that the property was held by the taxpayer bears to the applicable recovery period under section 168(g)."

(f) BASIS ADJUSTMENT TO REFLECT INVESTMENT CREDIT.—Paragraph (3) of section 48(q) (relating to basis adjustment to section 38 property) is amended to read as follows:

"(3) SPECIAL RULE FOR QUALIFIED REHABILITATION AND INDIAN RESERVATION EXPENDITURES.—In the case of any credit determined under section 46(a) for—

"(A) any qualified rehabilitation expenditure in connection with a qualified rehabilitated building, or

"(B) any expenditure in connection with new reservation construction property (within the meaning of section 48(t)(3)),

paragraphs (1) and (2) of this subsection and paragraph (5) of subsection (d) shall be applied without regard to the phrase '50 percent of'."

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to periods after December 31, 1988, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986.

SEC. 1. NONRECOGNITION OF GAIN ON THE SALE OF INDIAN RESERVATION PROPERTY WHERE REINVESTMENT IN SUCH PROPERTY OCCURS WITHIN 1 YEAR.

(a) IN GENERAL.—Part III of subchapter O of chapter 1 (relating to common nontaxable exchanges) is amended by adding at the end thereof the following new section:

"SEC. 1043. NONRECOGNITION OF GAIN ON THE SALE OF INDIAN RESERVATION PROPERTY WHERE REINVESTMENT IN SUCH PROPERTY OCCURS WITHIN 1 YEAR.

"(a) IN GENERAL.—No gain shall be recognized on the sale or exchange of Indian reservation property of the taxpayer if the proceeds realized from such sale or exchange are used by the taxpayer to acquire Indian reservation property within the qualified period.

"(b) INDIAN RESERVATION PROPERTY.—For purposes of this section—

"(1) IN GENERAL.—The term 'Indian reservation property' means—

"(A) any tangible personal property which is acquired and placed in service by the taxpayer in an Indian reservation and which is used predominately by the taxpayer in the active conduct of an Indian reservation business within such reservation, and

"(B) any real property located in an Indian reservation which is acquired by the taxpayer and which is used predominately by the taxpayer in the active conduct of an Indian reservation business.

"(2) INDIAN RESERVATION BUSINESS.—The term 'Indian reservation business' means any person—

"(A) which is actively engaged in the conduct of a trade or business during the taxable year,

"(B) with respect to which at least 80 percent of such person's gross receipts for such taxable year are attributable to the active conduct of a trade or business which produces goods or provides services within an Indian reservation, and

"(C) with respect to which substantially all the tangible assets of such person are located within an Indian reservation.

"(c) QUALIFIED PERIOD.—For purposes of this section, the term 'qualified period' means the period which ends 12 months after the date of the sale or exchange of Indian reservation property.

"(d) BASIS OF ACQUIRED INDIAN RESERVATION PROPERTY.—If the acquisition of Indian reservation property by a taxpayer results in nonrecognition of any gain or loss on the sale or exchange of other Indian reservation property of such taxpayer under subsection (a), the basis of such taxpayer in the acquired Indian reservation property shall be the cost of such property—

"(1) decreased by the amount of gain which was not so recognized, or

"(2) increased by the amount of loss which was not so recognized.

If such acquired Indian reservation property consists of more than 1 item of property, the basis determined under the preceding sentence shall be allocated among such items in proportion to their respective costs.

"(e) STATUTE OF LIMITATIONS.—If the taxpayer during a taxable year sells or exchanges Indian reservation property at a gain, then—

"(1) the statutory period for the assessment of any deficiency attributable to any part of such gain shall not expire before the expiration of 3 years from the date the Secretary is notified by the taxpayer (in such manner as the Secretary may by regulations prescribe) of—

"(A) the taxpayer's intention not to acquire any Indian reservation property within the qualified period, or

"(B) a failure to make such purchase within the qualified period, and

"(2) such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.".

(b) CONFORMING AMENDMENTS.—

(1) Subsection (c) of section 381 (relating to carryovers in certain corporate acquisitions) is amended by inserting at the end thereof the following new paragraph:

"(27) INDIAN RESERVATION PROPERTY.—The acquiring corporation shall be treated as the distributor or transferor corporation after the date of distribution or transfer for purposes of applying section 1043.".

(2) Subsection (a) of section 1016 (relating to adjustments to basis) is amended by striking "and" at the end of paragraph (23), by striking the period at the end of paragraph (24) and inserting "; and", and by adding at

the end thereof the following new paragraph:

"(25) to the extent provided in section 1043(d) in the case of the property the acquisition of which resulted in nonrecognition of gain or loss in other property under section 1043(a).".

(3) Section 1223 (relating to holding period of property) is amended by redesignating paragraph (14) as paragraph (15) and by inserting after paragraph (13) the following new paragraph:

"(14) In determining the period for which the taxpayer has held property, the acquisition of which resulted under section 1043 in nonrecognition of the gain or loss on the sale or exchange of any other property, there shall be included the period during which such other property was held by such taxpayer prior to such sale or exchange.".

(4) Paragraph (4) of section 1245(b) (relating to limitations on gain from disposition of certain depreciable assets) is amended by striking "or 1033" and inserting ", 1033, or 1043".

(5) Paragraph (4) of section 1250(d) (relating to limitations on gain from disposition of certain depreciable realty) is amended—

(A) by striking out "or 1033" in subparagraphs (A) and (E) and inserting in lieu thereof ", 1033, or 1043", and

(B) by inserting "or 1043(a)" after "section 1033(a)(2)" in subparagraph (C)(ii).

(6) Paragraph (2) of section 6212(c) (relating to further deficiency letters restricted) is amended by inserting after subparagraph (E) the following new subparagraph:

"(F) Deficiency attributable to gain on sale of property, see section 1043(e).".

(7) Section 6504 (relating to cross references) is amended by adding at the end thereof the following new paragraph:

"(13) Gain on the sale or exchange of property, see section 1043(e).".

(c) CLERICAL AMENDMENT.—The table of sections for part III of subchapter C of chapter 1 is amended by inserting after the item relating to section 1042 the following new item:

"Sec. 1043. Nonrecognition of gain or loss on the sale of Indian reservation property where reinvestment in such property occurs within 1 year.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or exchanges after December 31, 1988.

SEC. 5. TARGETED JOBS CREDIT.

(a) MEMBERS OF INDIAN TRIBES ELIGIBLE FOR CREDIT.—Paragraph (1) of section 51(d) (defining members of targeted groups) is amended by striking "or" at the end of subparagraph (II), by striking the period at the end of subparagraph (J) and inserting ", or" and by adding at the end thereof the following new subparagraph:

"(K) a member of an Indian tribe (as defined in section 103(b) of the Indian Self-Determination Act (25 U.S.C. 450b)) who is living in an area of an Indian reservation with respect to which the Secretary of the Interior accepts the certification of the tribal government with jurisdiction over such area that—

"(i) the area is one of pervasive poverty, unemployment, and general duties, and

"(ii) either—

"(I) the unemployment rate for such area, as determined by appropriate available data, was at least 2 times the national unemployment rate for the same period, or

"(II) at least 70 percent of the households living in the area have incomes below 80 percent of the median income of households of the political subdivision in which such area is located."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1988.

SEC. 6. INDIAN RESERVATION TAX CREDIT.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.) is amended by adding at the end thereof the following new section:

"SEC. 30. INDIAN RESERVATION TAX CREDIT.

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—Except as provided in paragraph (2), there shall be allowed as a credit against the tax imposed by this chapter an amount equal to the portion of the tax which is attributable to the taxable income from the active conduct of an Indian reservation business.

"(2) CREDIT NOT ALLOWED AGAINST CERTAIN TAXES.—The credit allowed under paragraph (1) shall not be allowed against the tax imposed by section 59A, 531, or 541.

"(b) AMOUNTS RECEIVED OUTSIDE THE RESERVATION.—In determining taxable income for purposes of subsection (a), income shall not be treated as attributable to the active conduct of an Indian reservation business if it is received outside of the Indian reservation. The preceding sentence shall not apply to amounts received from a person who is not a related person.

"(c) INDIAN RESERVATION BUSINESS.—For purposes of this section—

"(1) IN GENERAL.—The term 'Indian reservation business' means any person—

"(A) which is actively engaged in the conduct of a trade or business on an Indian reservation during the taxable year,

"(B) with respect to which the income requirements of paragraph (2) are met, and

"(C) substantially all of the assets of which are located within the Indian reservation.

"(2) INCOME ELIGIBILITY REQUIREMENTS.—The requirements of this paragraph are met if:

"(A) 80 PERCENT TEST.—80 percent or more of the gross income of the trade or business for the 3-year period immediately preceding the close of the taxable year (or such portion of such period as may be applicable) was derived from sources within an Indian reservation.

"(B) 75 PERCENT TEST.—75 percent or more of the gross income for the period described in subparagraph (A) was derived from the active conduct of a trade or business within an Indian reservation."

(b) CONFORMING AMENDMENT.—The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 30. Indian reservation tax credit."

"(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1989.

● Mr. INOUYE. Mr. President, it gives me great pleasure to express my support for this legislation which has been introduced by my esteemed colleague, Senator JOHN MCCAIN. The Indian Economic Development Act of 1989 authorizes investment incentives for private firms who establish and operate business enterprises on Indian reservations. Taken together with the other economic development initiatives which the Select Committee on Indian Affairs has put on its agenda, Senator MCCAIN's bill will allow us to make available to Indian tribes a comprehensive program for economic self-sufficiency. Moreover, while not detracting in the least from the other components of our program, I believe that the combination of tax credits and investment incentives included in this bill will be the single most powerful force to stimulate private sector development on Indian reservations of anything that we might possibly consider.

The Senate Select Committee on Indian Affairs, of which Senator JOHN MCCAIN is vice chairman, has regarded economic development for Indian country as a most urgent need and high-priority goal. In doing so we are clearly responding to the overwhelming consensus of Indian leaders from every sector of the Indian world. The terrible social problems resulting from deep-seated, endemic poverty which afflicts nearly every Indian community across the country is tearing apart the fabric of their societies and is a situation which we must respond to with every resource at our disposal. As we have learned through many hours of hearings both here in Washington and on many reservations, the problems of poverty cannot be solved simply by throwing money into Government grant and financial assistance programs. Rather, we must learn from the lessons of past Government efforts and design resources which can be used by local Indian leaders and entrepreneurs to meet the unique conditions of each community.

Mr. President, I believe that Senator MCCAIN's bill is a tremendous contribution to our work in the Congress precisely because it is based on the wisdom gained from experience. The business leadership of each Indian community is provided an effective arsenal of tools in the form of powerful investment incentives with which to negotiate with individual businesses to create enterprises that stand the best chance of long-term success. This bill greatly complements the others parts of our committee program which are designed to make investment capital available and significantly enhance Indian access to Government procurement opportunities. With the Indian Economic Development Act of 1989, we have a comprehensive program that offers great promise for Indian Country.●

By Mr. HOLLINGS:

S. 1204. A bill to improve the enforcement of the trade laws of the United States, and for other purposes; to the Committee on Finance.

TRADE ENFORCEMENT ACT

Mr. HOLLINGS. Mr. President, the threat posed by our gigantic trade

deficits is now staring us straight in the eye. We are in such bad shape that we call it "good news" when we have a year like 1988—when the United States runs up only a $126 billion merchandise trade deficit, and only a $154 billion current account deficit.

Just as surely as $200 billion budget deficits have busted the Federal Government, you can count on these tremendous trade deficits to further erode our position in the world economy. This Nation, once the beneficiary of large trade surpluses, has become the international poor relation. The United States is the largest debtor nation, in hock to countries we used to loan money to. We are at the mercy of the rest of the world, for if investing countries were to pull the plug on America and take their billions home, we would be in economic chaos.

All around us, countries are throwing their resources into taking over the American market and American jobs. Governments everywhere are working hand-in-hand with business people to give them an advantage. They continue to erect tariff and nontariff barriers to keep our products out of their market. The recently released "National Trade Estimates" report compiled by the United States Trade Representative Office, is just as big and fat as ever. We have pages upon pages of Government-backed tax rebates on exports, licensing requirements, inspection practices, direct and indirect subsidies, Government-backed loans, Government-backed research—you name it and it is being used against us.

And what is the U.S. Government doing? I believe we took a small first step with the Omnibus Trade Act passed last year. That bill gave the administration greater options to remedy unfair foreign trade practices. Yet, the lesson we have learned time and time again is that administrations—this one as the ones before it—are wilting daisies when it comes to using the trade laws.

Trade police initiatives have again been sacrificed to foreign policy goals. Under the new Super 301 provision, Mrs. Hills named Japan, India, and Brazil as countries that have maintained a pattern of unfair trade barriers that are harmful to the United States. She even circulated a press release to announce that. To American entrepreneurs working to export products, her findings are yesterday's news. Mrs. Hills also announced her intention to enter into a "structural dialogue" with Japan.

So, once again, while other governments are protecting home markets and invading ours, the United States is negotiating. This country is not in the business of negotiating, we are in the business of creating, developing, manufacturing, and selling. We don't need new laws and new negotiations. We simply need active enforcement of our trade laws.

For these reasons, I am introducing the Trade Enforcement Act of 1989. My legislation is designed to strengthen existing trade law and require action where discretion has bred inaction. Let me highlight some significant features of this bill:

Eliminate the exporters sales price offset and profit deduction: The Commerce Department will have to stop acting by administrative fiat and quit making it more difficult for petitioners to prove dumping. In making these changes, the bill will make the Commerce Department track the existing statute more accurately and bring our practice in line with our trading partners.

Countervailing duty laws: This bill makes several changes to the countervailing duty laws including making natural resource subsidies and nonmarket economies subject to countervailing duty laws.

Changes to section 201: My bill will improve section 201 by expanding the scope of the law to encompass a broad range of related products and clarifying the definition of injury to ensure that during a recession other causes of injury may be considered.

National Trade Council: I have included a provision that I have backed for many years—to institute a National Trade Council fashioned directly after the National Security Council. We need a National Trade Adviser with the same status as the National Security Adviser to give trade the high priority it demands.

Other provisions: Additionally, the bill has many provisions crafted to get our Government working on the side of our industry. The bill includes a private right of action for dumping and subsidies, a scofflaw provision, changes in the law governing foreign trade subzones, and provisions to prevent circumvention.

I have just touched upon some of the major features of my bill. I hope my colleagues will examine the Trade Enforcement Act of 1989. If we allow ourselves to let our energies wane and focus drift from the trade issue now, we will be essentially closing the show after the first act.

I am committed to continuing to fight in this trade war on the side of our workers and our companies that started a long, long time ago.

Mr. President, I ask unanimous consent that a section-by-section analysis of the bill be printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION EXPLANATION OF THE TRADE BILL

Section 1.—Title.

Section 2 (a) and (b).—Eliminates the Exporter's Sale Price Offset. The Commerce Department will continue to reduce the exporter's sales price by the amount of selling expenses incurred by a related party. However, the Department will no longer be able to reduce the home market price by an amount equal to that. Section 101(b) requires the deduction of profit earned by a related party from the Exporter's Sales Price. Both of these changes reflect adjustments made to Exporter's Sales Price by our trading partners.

Section 3.—Restores the statute to pre-1988 status-increases protection of proprietary information.

Section 4.—Extends the coverage of the antidumping laws to major components of a product already subject to an antidumping order.

Section 5.—Makes natural resources subsidies subject to the countervailing duty laws.

Section 6.—Brings non-market economy countries within the scope of the countervailing duty laws.

Section 7(a).—Requires cross-cumulation of imports under investigation and for products already subject to an antidumping or countervailing duty order if the marketing of such products is reasonably coincident.

Section 7(b).—Requires the International Trade Commission (ITC) when determining injury to consider potential declines in output, sales, employment, etc., which may be temporarily buoyed by an economic recovery.

Section 7(c).—Provides the ITC cannot make a finding of "no injury" based on any factors not listed in the statute.

Section 8.—Gives interested parties the right to petition the Commerce Department to commence a circumvention investigation.

Section 9.—Makes two changes in section 201 of the Trade Act of 1974. The scope of 201 would be changed to encompass a broad range of related products and the definition of injury is clarified to ensure that during a recession other causes of injury may be considered.

Section 10.—Makes some changes in the current procedures of the textile and apparel import program for issuing a "call" for consultations on a quota and negotiating a quota. A time limit is established for actions on petitions alleging market disruption; when market disruption is found, temporary quotas are imposed based on current levels of trade until an agreement is reached.

Section 11.—Establish a National Trade Council at the White House with a National Trade Advisor to the President to coordinate trade policy.

Section 12-14.—Establish a private right of action for domestic industries injured by dumped or subsidized imports or by customs violations.

Section 15.—Provides that persons convicted of three or more customs violations within seven years are barred from importing.

Section 16.—Decisions on manufacturing subzones must be made by the Secretary and must be based on "clear & convincing" evidence that the subzone will be beneficial to the U.S.

Section 17.—Changes the transaction value of customs duties from a F.O.B. (free on board) to a C.I.F. (cost, insurance, and freight) basis.

By Mr. MATSUNAGA (for himself, Mr. PRYOR, Mr. CONRAD, Mr. COCHRAN, Mr. COATS, Mr. SYMMS, Mr. MCCLURE, and Mr. BUMPERS):

S. 1205. A bill to amend the Agricultural Trade Development and Assistance Act of 1954 to permit foreign currency proceeds derived from the sale of commodities to be used to support research and development programs in agriculture and aquaculture, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

FOREIGN CURRENCY AGRICULTURAL RESEARCH COMPETITIVENESS ACT

● Mr. MATSUNAGA. Mr. President, for myself and Senators PRYOR, COCHRAN, CONRAD, COATS, SYMMS, MCCLURE, and BUMPERS, I am today introducing legislation that, if enacted, would help maintain American leadership in agricultural science, research, and technology. This bill, entitled "The Foreign Currency Agricultural Research Competitiveness Act", would amend Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, in order to reestablish the funding base and expand the scope and direction of the Department of Agriculture's little-known but important Foreign Currency Agricultural Research [FCAR] program.

In today's globalized agricultural economy, America's farmers must be able to take advantage of expanding overseas markets for raw or processed products in order to maintain their preeminent position. To improve competitiveness in these areas, U.S. farmers must maintain leadership in both basic and applied agricultural research; unfortunately, through inattention and complacency, we may well be on the verge of relinquishing that leadership. Our bill would directly address this problem by modifying the funding basis and charter of the FCAR program, which has already played a pivotal, if unheralded, role in agricultural research.

Mr. President, the FCAR program, first established in 1958, differs from other agricultural research programs in several important ways. First, it is financed by using U.S.-owned foreign currencies acquired through sales of surplus agricultural commodities under Public Law 480. Second, the actual research project is carried out in foreign research institutions in collaboration with American scientists, and is selected for support because it provides mutual benefits to both countries.

This unique funding mechanism has enabled important research to be undertaken that would otherwise have been impossible to conduct in the United States because of biological, environmental, or financial constraints. More than 2,000 cooperative research projects have been carried out under the FCAR program in a vast number of countries and in every region of the world, from Sri Lanka to Taiwan, from Finland to Spain, from Morocco to Peru. Mutually beneficial FCAR research has been undertaken in such broad-ranging subjects as plant science, entomology, animal science, veterinary science, soil and water conservation, market analyses, and agricultural engineering. Consider the following examples:

SUNFLOWER PRODUCTION

In 1966 only about 6,000 acres of sunflower seeds were grown in the United States; however, FCAR research in Yugoslavia contributed important information and genetic material regarding oilseed sunflower production which has revolutionized U.S. production. As a direct consequence, sunflower seed production has increased 45 percent annually since that time.

RUSSIAN WHEAT APHID

This pest first appeared in the United States in 1986; since then, it has spread into 15 western States causing losses estimated at more than $150 million to wheat and barley growers. Insecticides have been tried with limited success; the key to control appears to be in biological enemies. The aphid is native to a region stretching from Turkey to China but is rarely recorded as a pest there because it is controlled by its natural enemies. FCAR grants are enabling foreign scientists and their cooperating U.S. counterparts to collect and evaluate these biological control agents for potential use in controlling the destructive insect here.

AQUACULTURE

A number of FCAR projects are in progress dealing with aquaculture in Taiwan, a country ahead of the United States in almost all phases of the new science. Research projects there deal with nutrition of shrimp and fish, finfish diseases, and intensive production systems. The nutrition research is promising because the potential for substituting soybean protein for fish meal in feeds could lower aquaculture feed costs for United States producers and further expand the use of soybeans in fish seed worldwide. Likewise, research studying diseases, vaccines, and production practices of Chinese carp could yield important information for the nascent American carp industry. Projections indicate that the 4 year-old, $6 million industry could expand to $70 million in the near future.

BLUE TONGUE DISEASE

Blue tongue is a viral disease of livestock that is a major barrier to international cattle movement. Research in this area could have significant implications for the export of United States livestock and embryos. FCAR research conducted in the Caribbean and Latin American tropics is aimed at studying the distribution and behavior of the disease. Progress during the first 2 years has included sampling of sentinel herds, initiating attempts to isolate the viruses, collecting possible insect vectors, and establishing a data management system.

SOYBEAN OIL

Soybean oil is unstable at high temperatures because it contains linolenic acid, which causes oxidation and flavor deterioration. FCAR research in Taiwan is attempting to improve stability by blending it with other oils or chemical additives. Solving this problem so that the oil can be used by oil processors and industry could open significant markets, particularly in the fast-food industry which is experiencing rapid world-wide growth.

DEFICIENCY DISEASES IN CHILDREN

The Warsaw Child's Health Center in Poland is investigating calcium and phosphate absorption in children through an FCAR grant. Low phosphate absorption, for example, leads to a form of rickets and researchers believe there is a connection between vitamin B-6 deficiency and phosphate deficiency. Investigations into these areas could help solve child health problems throughout the world.

These are but a fraction of the types of research conducted under the aegis of the FCAR program. Despite its obvious success, however, the program is threatened by two serious problems, funding shortfalls, and changing research needs.

When Public Law 480 was first enacted in 1954, recipient countries paid the United States exclusively in foreign currencies. During this period, the U.S. Treasury acquired foreign currencies in excess of normal needs. Subsequently, the sales authorities were changed in 1962 to require repayment in hard currencies. In 1966 the law was amended to authorize that a portion of payments be made in local currencies. These became known as currency use payment [CUP] funds.

The funding for FCAR has declined rapidly in recent years, however, because of budget limitations and a curious Congressional Budget Office [CBO] accounting practice which results in double scoring of FCAR appropriations. Dollars appropriated to the Commodity Credit Corporation to make commodities available to Public Law 480 programs are scored as part of the U.S. Department of Agriculture [USDA] appropriation. Then, instead of permitting the local currencies generated by the sale of these commodities to be used for agricultural research, dollars must again be appropriated by Congress to permit USDA to buy these local currencies from Treasury, resulting in a second scoring within the USDA budget. Since 1987, funding for the program has dropped from an annual average of $5 million to $1 million today. In fact, if it were not for the wisdom of congressional appropriators, the program would have been eliminated several years ago.

Our bill would resolve the funding crisis by reestablishing the program's source of funds. Specifically, it would underscore the authority for so-called CUP funds to be used to pay for FCAR projects. CUP funds, established in a 1966 revision of Public Law 480, permits the United States to negotiate new commodity sales agreements in order to allow partial repayment in local currencies. The provision was adopted in recognition of the fact that the United States would continue to need foreign currencies in countries with no history of previous local currency sales or in those who repayments under the old commodity sales program are completed or nearly completed. Among current uses of CUP funds are the operation and maintenance of embassies abroad.

By making the FCAR program an integral consideration in CUP-negotiated agreements, Congress would at once establish a stable funding base and expand the pool of potential cooperating nations—and thus the type and number of research projects in which U.S. agricultural scientists cooperate with their foreign counterparts on activities having a definite benefit to U.S. agriculture.

At the same time, the bill would assure that foreign currencies reserved for any USDA program authorized by section 104(b) of section 406 of Public Law 480 would not be subject to the double counting. Such programs would, however, continue to receive spending limit guidelines from the appropriate congressional committees.

Mr. President, our legislation also would authorize expansion of FCAR programs to include research with which to identify and develop new or approved products and technologies that will enable U.S. producers and exporters to compete better in world markets. New uses are expected to include food consumption items, livestock and aquaculture needs, industrial uses, and construction materials. Also, the bill would specifically authorize research directed at the sustainability of agriculture, forestry, and aquaculture through improved understanding and management of natural resources and the environment. In addition, the measure clarifies and expands the authority of the Secretary of Agriculture to establish and administer agriculture, forestry, aquaculture, and farmer-to-farmer programs mentioned in section 406 of Public Law 480. Finally, the Secretary is empowered to determine the foreign currency needs for the foregoing purposes, and is required to consult with land grant colleges and State universities in planning and carrying out research programs directed as improving the competitiveness of U.S. agriculture.

Mr. President, I urge my colleagues to support this legislation. The FCAR program has repeatedly proven its worth. It is cost effective—similar research conducted in the United States would cost five times as much; it is a source of invaluable scientific, technical, and marketing knowledge as well as a source of vital germ plasm and other plant and animal materials not available elsewhere; and, it provides opportunities to learn from and cooperate with foreign agricultural experts to the benefit of U.S. agriculture. This bill would save the FCAR program from extinction and elevate it to its proper place at the vanguard of America's last economic bastion, agriculture. By supporting this bill, my colleagues would be supporting America's future agricultural competitiveness. For without adequate investment in research, competitive agriculture is an impossibility. To a large extent, the vitality of the FCAR program will determine whether the United States becomes a colonial nation limited to producing inferior farm commodities or whether it maintains and enhances its position as the world's premier producer of high quality raw and processed agricultural products.

Mr. President, in developing this legislation over the last year, I have not come across a single negative comment regarding the Foreign Currency Agricultural Research Program. It is one of the few Government programs which receives near-universal acclaim from those who are aware of the program's activities. I close by quoting the world of Ms. Jeanne Edwards, vice chairman of the National Agricultural Research and Extension Users Advisory Board, and one of the most respected voices in American agriculture:

> The foreign currencies owned by the United States could not be invested more wisely than in cooperative agricultural research. * * * I am enthusiastic about the * * * program, for I believe it is as close as we will ever come to a "goose that lays golden eggs."●

● Mr. COCHRAN. Mr. President, I am pleased to join Senator MATSUNAGA today in introducing the Foreign Currency Agricultural Research Competitiveness Act. This bill amends the Agriculture Trade and Assistance Act of 1954 to permit foreign currency proceeds derived from the sale of commodities to be used to support research and development programs in agriculture, aquaculture, and forestry.

U.S. farmers and agribusinesses have long enjoyed a competitive edge because of the preeminence of our agricultural research system. If the United States is to take full advantage of expanding global markets for agricultural commodities and value-added products, we must maintain our historical leadership role in basic and applied agricultural science, research, and technology.

This bill expands foreign agricultural research in ways that will enhance U.S. agricultural productivity, product development, and competitiveness. I hope other Senators will join us in this effort by cosponsoring this bill.●

● Mr. CONRAD. Mr. President, today I am pleased to cosponsor the Foreign Currency Agricultural Research Competitiveness Act. Agriculture is becoming increasingly global, and similar challenges are facing all nations today. These challenges range from the international spread of crop pests and livestock diseases by rapid transport, to rising population pressures, to threats of global climate change, to rapidly changing market demands. International cooperative research is an important tool for American preparedness. This bill will increase our ability to respond to the changing demands of this global agriculture.

Cooperative research with other nations enables us to track closely the spread of serious animal diseases throughout the world such as the African cattle disease "heartwater" now identified in our neighboring Caribbean. Such research facilitates the identification of insect predators like the Australian vedalia beetle which can be used to control crop damage in many countries, including our own.

Experience has also proven that international cooperative research is cost-effective, costing only one-fifth as much as similar projects funded in the United States. And finally, Mr. President, we should not underestimate the importance of the goodwill that joint research generates between countries.

Examples in my own State of North Dakota have proven to me that cooperative research clearly benefits the United States as well as the participating foreign nation. North Dakota enjoys preeminence as the world's center of origin for sunflower germplasm. Our scientists participate in Public Law 480-funded cooperative projects with Yugoslavia in both sugar beet and sunflower hybrid research. In addition to the many potential proposals for international cooperation in germplasm evaluation and breeding research, there are also proposals to evaluate crop predators, including Hungarian predatory insects which may be effective against the American sunflower moth.

In addition to sunflower and sugar beet capabilities, North Dakota has one of the Nation's major Durum wheat breeding programs and has become a major developer of varieties of edible beans and potatoes. Twelve of the sixteen most commonly grown potato varieties in this country originated in my State. These food crops are tremendously important throughout the world, and I see this bill as an opportunity to increase the world's food supply, just from the work being done in my State alone.

Mr. President, international cooperative research can also help us recognize shifting trends, new markets, and new uses for agricultural commodities and value-added products in a timely, competitively advantageous manner. This bill will expand and emphasize these much-needed new directions for our Nation's agricultural research, and apply them internationally through Public Law 480 funding. I am pleased to support this bill today, because it addresses many of the needs in agricultural research and development that have concerned me for several years.

On March 16, I reintroduced a bill to establish the Agricultural Research Commercialization Corporation [ARCC] which would speed the commercialization of new industrial uses for agricultural commodities. ARCC would establish a vital partnership between the Federal Government, private industry, universities, and State and local governments to overcome the financial and technical barriers to commercialize these new products. Just as I believe that the development and commercialization of new agricultural products requires cooperative efforts between the public and the private sector, so do I believe that global agricultural problems can best be solved by cooperative research efforts between countries. The Foreign Currency Agricultural Research Competitiveness Act will make an important contribution to the competitive future of U.S. agriculture.●

By Mr. HELMS:

S. 1206. A bill to amend the Immigration and Nationality Act to change the level and preference system for admission of immigrants to the United States, and for other purposes; to the Committee on the Judiciary.

IMMIGRATION REFORM ACT

Mr. HELMS. Mr. President, I am today introducing the Immigration Reform Act of 1989, thereby emphasizing that a reevaluation of our legal immigration policy is long overdue. This Nation has always had a very generous immigration policy, admitting more immigrants each year than all other nations combined.

There are three principal aspects to the bill I am introducing. First, it alleviates the future shortage of skilled workers by increasing employer-sponsored visas—the third and sixth preferences—by 42,200. The third preference allows an employer to bring in professionals who are in short supply, or people with "exceptional abilities." Under the sixth preference, an employer can bring in skilled workers who are in short supply.

Second, my bill provides a more modest increase in the national level of immigration.

Third, my legislation keeps a limited definition of the fifth preference. The fifth preference presently allows a citizen to bring in his brothers, his sisters, and their families. My bill limits the fifth to never married brothers and sisters—the same definition set forth in the Kennedy-Simpson bill which passed overwhelmingly last year.

Mr. President, Senator KENNEDY and Senator SIMPSON have provided commendable leadership over the years on the immigration issue. Last year, they introduced a comprehensive bill to reform legal immigration. Many of the provisions of the 1988 Kennedy-Simpson bill appealed to me: it provided a national level, it limited the fifth preference to never married brothers and sisters, and created a new category for new seed immigrants. However, I could not vote for that bill because it increased the level of immigration by more than 100,000 visas.

Nonetheless, the 1988 bill was viewed as a consensus compromise position on legal immigration reform. However, the consensus position was thrown out of kilter by a further compromise made this month with Senator SIMON. The Kennedy-Simpson-Simon compromise dropped the limited definition of the fifth preference and increased the national level to 600,000.

So, Mr. President, the bill I offer today works within the framework of the 1988 Kennedy-Simpson bill. It will restore the consensus compromise, while at the same time, addressing the concerns of the business community.

Mr. President, I agree with Senators KENNEDY and SIMPSON that we must strive for an immigration policy that is based on "he needs of the country." A recent Department of Labor study entitled "Workforce 2000" made a detailed assessment of what our labor needs will be over the next two decades. The report concluded that we will experience a shortage in skilled workers and that we need policies that facilitate the immigration of skilled workers.

My bill addresses the needs of our country in several ways. First, it deals with the shortage of skilled workers by increasing employer-sponsored visas by 42,200. The third preference, for professionals and people with exceptional abilities, increases to 52,000, and the sixth preference, skilled workers, increases to 44,200.

Mr. President, I think we need a policy that encourages people with skills and exceptional abilities to come to our country. Unfortunately, our present system discourages them from immigrating because there is a 1- to 3-year wait to get a third or sixth preference visa. If there is a shortage of skilled workers in a particular profession, the business loses the competitive edge waiting 3 years to bring in someone to fill the slot.

Mr. President, skill-based employer-sponsored visas only account for a small percentage of the overall number of visas. Under our current immigration system, only 10 percent of visas are based on skills, whereas 90 percent are based on family relations.

In case there is any doubt, I state emphatically that American jobs will not be displaced by these increases because there are several safeguards. For example, before a person can be admitted under a third or sixth preference visa, the Department of Labor must determine that there is a labor shortage in the particular field and that the business cannot find an American skilled worker to fill the slot. In the alternative, under the third preference, they must determine that the potential immigrant is a member of a profession with "exceptional abilities."

The additional numbers for employer-sponsored visas in my bill will help reduce the delays for immigrants with skills or exceptional ability. This will allow businesses to find enough skilled workers and thereby maintain a competitive position in international markets.

The second way my bill addresses the needs of the country is by providing a more modest increase in the national level of immigration. Most of the polls that I have seen indicate that the majority of the American people do not want any increase in the level of immigration. In 1986, a CBS/New York Times poll found that 84 percent of the American people felt immigration should be decreased or kept at the same level. In a 1986 poll of U.S. News & World Report readers, 74.9 percent stated that they wanted immigration numbers further restricted. A recent Tarrance & Associates poll found that only 9 percent of Californians and 5 percent of Texans were in favor of increasing the level of immigration.

I ask unanimous consent that copies of these polls be included in the record at the conclusion of my remarks.

Mr. President, what does the Kennedy-Simpson-Simon bill do in response to the desire of the American people? It increases the national level by more than 100,000 visas. The studies do not support the notion that we must increase our level of immigration by 100,000. My bill addresses the concerns of the American people by only increasing the national level by 45,000.

Finally, my bill keeps a limited definition of the fifth preference. The fifth preference presently allows a citizen to bring in his brothers, his sisters, his brothers-in-law, his sisters-in-law, his nieces and his nephews. This causes a chain migration problem. One famous example is the man in New York who brought in 64 relatives under the fifth preference category.

My bill simply limits the fifth preference to never married brothers and sisters. As I stated earlier, this is exactly the same definition set forth in the Kennedy-Simpson bill which passed 88 to 4 last year.

Mr. President, almost everyone agrees that something must be done to deal with the fifth preference. On one occasion this Senate passed a bill to completely eliminate the fifth preference, and quite frankly I would prefer that approach. Since I try to stay within the framework of the 1988 Kennedy-Simpson bill, I stick with merely a limited definition of the fifth preference. This limited definition also passed the Senate in 1983.

These measures passed because Senators realized that we must set priorities. As Senators KENNEDY and SIMPSON have stated on several occasions, we should give priority to those immigrants who are the closest family members to American citizens. I agree, for example, that spouses and children of permanent residents should be given priority over brothers-in-law. That is why my bill keeps a limited definition of the fifth preference.

Another reason to limit the fifth preference is because there are tremendous backlogs of immigrants in this category. This causes long delays—up to 20 years in some cases. As Senator KENNEDY correctly states, this creates "an illusory and false hope of family reunification." These delays also foster illegal immigration.

Mr. President, these are the major points of my bill. I ask unanimous consent that two summaries of the bill be included in the RECORD at the conclusion of my remarks.

Mr. President, as we debate the issue of legal immigration, we must keep one fundamental concept in mind—for America to remain a great country, we must have an immigration policy based on the needs of our country and focused on what is in the best interest of the Nation as a whole.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

	Current law limits	Actual 1987 numbers	Kennedy, Simpson, 1988	Kennedy, Simpson, Simon, 1989	Helms proposal	Percent
National level of immigration	none	[1] 500,000	590,000	600,000	550,000	
Immediate relatives spouses, (children and parents of citizens)	([2])	218,500	[2] 220,000	[2] 220,000	[2] 220,000	
I. Family preferences:						
1st preference (unmarried adult sons, daughters of citizens)	54,000	11,382	33,000	33,000	13,600	8
2d preference (spouses and children of residents)	70,200	110,758	143,000	145,000	115,600	68
4th preference (married sons and daughters of U.S. citizens)	27,000	20,703	22,000	22,000	20,400	12
5th preference (never married brothers and sisters)	64,800	23,517	22,000	65,000	20,400	12
Reduction of 5th preference backlog	none		30,000		30,000	
Total family preference	216,000		470,000	480,000	420,000	
II. Independent:						
Special Immigrants	([2])	3,646	6,000	6,000	3,900	3
3d preference (members of profession exceptional ability)	27,000	26,921	27,600	27,600	52,000	40
6th preference (skilled workers)	27,000	26,952	27,600	27,600	44,200	34
Employment generating investors	None	35	4,800	4,800	3,900	3
Select immigrants (point system)	None	NA	54,000	54,000	26,000	20
Total independent	54,000		120,000	120,000	130,000	
Total immigrants			590,000	600,000	550,000	

[1] Approximately [2] No limit

SUMMARY OF DIFFERENCES BETWEEN HELMS AND KENNEDY/SIMPSON/SIMON

1. The Helms bill only increases the level of immigration by 50,000 instead of 100,000 per Kennedy/Simpson/Simon.

2. It increases employer-sponsored visas 42,000, compared to 1,200 under Kennedy/Simpson/Simon. It only provides 26,000 for the skills/points based category instead of 54,000. An additional 22,200 will go to employer-sponsored categories when the 30,000 visas for the 5th preference backlog reduction reverts over to the independent category.

3. It increases over the independent category by 10,000 over Kennedy/Simpson/Simon.

4. It keeps a limited definiton of 5th preference per original Kennedy/Simpson bill of 1988, instead of the expanded definition in Kennedy/Simpson/Simon.

5. The number of immediate relatives per country would not exceed the per country level for family immigrants.

6. It adjusts limits on preference categories to be close to actual numbers coming in under each category.

7. Does not provide an automatic increase in the level of immigration based on Attorney General's report. But keeps the report by the Attorney General.

8. It eliminates the "advanced degree" requirement in the 3d preference.

9. It retains points for english language proficiency in the point system.

SUMMARY OF IMMIGRATION REFORM ACT OF 1989

I. NATIONAL LEVEL OF IMMIGRATION

A. Immigration Levels—

Establishes a national level of immigration of 550,000: 390,000 family immigrants per year and 160,000 independent immigrants per year (except during the first three years).

During each of the first three years, 30,000 visas are subtracted from the independent immigrant category and distributed to the visa category with the largest number of backlogged applicants: the fifth preference.

B. Classes of Immigrants—

Refugees, asylees, and recipients of legalization under the Immigration Reform and Control Act of 1986 are admitted in addition to the national level of immigration described above.

The number of immigrants granted visas in the family connection preference category (described in part II. A of this summary) is calculated by subtracting the number of immediate relatives who immigrate in the prior year from 390,000.

If the total number of visas in either category (390,000 for family; 160,000 for independent) are not used in a year, the unused visas may be allocated to immigrants in the other category.

C. Review of Numerical Levels—

Beginning in FY 1994, and each year thereafter, the Attorney General, and the Secretary of Labor, in consultation with the Secretaries of HHS, HUD, and State, and the EPA, shall issue a report on the impact of immigration on the United States.

D. Per-Country Limits—

No foreign country may receive more than seven percent of the family-connection preference visas available worldwide (390,000 minus the number of immediate relatives), nor may it receive more than seven percent of the independent immigrant visas available worldwide (160,000; 130,000 during first three years.)

No dependent area (colony) may receive more than two percent of the family-connection or independent visas available worldwide.

However, if immediate relative immigration from a particular foreign country exceeds either: 1) the maximum number of family connection preference visas available to that state, or 2) the level of immediate relative immigration from that country in the year prior to enactment of this bill, whichever level is greater, the amount of the excess shall be subtracted from the number of family connection preference visas otherwise available to that country.

II. PREFERENCE SYSTEM FOR IMMIGRANT ADMISSIONS

A. Allocation of Family Connection Visas—

The number of family connection preference visas available is the number remaining after subtracting from 390,000 the number of visas granted to immediate relatives of U.S. citizens in the previous fiscal years.

The family connection visas are allocated to four preferences by the following percentages:

1. Unmarried adult sons and daughters of U.S. citizens, 8% of the numbers available.

2. Spouse and unmarried sons and daughters under 26 of legal permanent residents, plus any pending approved petitions of unmarried sons and daughters over 26 (included in current law), 68%.

3. Married sons and daughters of U.S. citizens, 12%.

4. Never-married brothers and sisters of adult U.S. citizens, plus pending approved petitions for married brothers and sisters (included in current law), 12%.

Any unused visas from a higher preference may be used by the next preference, e.g. visas not issued in first preference may be used for second preference, unused second preference visas fall to third, etc.

B. Allocation of Independent Immigrant Visas—

160,000 visas are available to independent immigrants (except for the first three years when there are 130,000 visas).

The independent immigrant visas are allocated to five categories by the following percentages:

1. Special immigrants (ministers of religion, former employees of U.S. embassies, etc.), 3% of independent visas.

2. Members of the professions or aliens of exceptional ability in the sciences, arts, or business, 40%.

3. Skilled workers and members of the professions holding bachelor's degrees, 34%. (Any visa not used by the second category is available for this category)

4. Employment-generating investors, 3%. Immigrants under this category must invest $1 million in a new commercial enterprise benefiting the U.S. Economy and creating employment for 10 U.S. citizens or legal permanent residents.

5. Any visas not required or used by the first four independent categories are available to "selected" immigrants (at least 20%). Immigrants in this category must first qualify to register for these visas by attaining a minimum score of 50 in a point system with 95 possible points. The point system is based on level of education, occupation and occupational training or work experience, and English language skills. (See Subsection (b)(5) of Amended Section 203 for a detailed description of the criteria and the number of points given for each category.)

C. Order of Issuance of Visas—

With the exception of the category for selected immigrants, visas are issued in chronological order (by date of filing of the petition). In the category of selected immigrants 20% of the visas available are reserved for registrants scoring 80 points or more; the remaining visas will be available to these registrants scoring 50 points or more. If there are more registrants than visas available, then the selected immigrants will be chosen on a random basis from the pool of qualified applicants.

D. Petitioning Procedures for Selected Immigrant Visas—

The Secretary of Labor is authorized to establish regulations for the filing of selected immigrant petitions and will determine the place and time of filing. Applicants must be physically outside of the U.S. at the time of filing.

E. Revision of Labor Certification—

Labor certification provisions are revised to streamline the process and to allow general instead of job specific determinations to be made unless the petitioner request otherwise.

This section also requires a study of the labor certification process within three years to determine whether the changes in the law have actually resulted in a streamlined process.

III. PROVISIONS TO DETER FRAUD IN THE EMPLOYMENT-GENERATING INVESTOR VISA CATEGORY

Aliens and their dependents benefiting from the employment-generating investor visa are given a conditional status for two years. After that period in order to acquire permanent resident status the investor must demonstrate compliance with the requirements of the statute.

IV. USER FEES

User-fees are required for all categories of immigrant visas and the Department of State is credited with $20 million of those funds to pay for automation improvements and for the additional expenses estimate to be created by this Act.

CBS News/New York Times Survey Poll on Preferred Level of Immigration

"Should immigration be kept at its present level, increased or decreased?"

	Percent
Kept same	35
Increased	7
Decreased	49
Don't know/No answer	9

The results of the survey are based on telephone interviews with a national sample of 1,618 adults, 18 and older, contacted during the period June 19-23, 1986.

According to the release, "The error due to sampling could be plus or minus three percentage points for results based on the entire sample."

[From the FAIR Immigration Report, May 1989]

Results of FAIR's California Poll

The FAIR California poll was conducted by Tarrance & Associates of Houston, Texas, from April 6-9, 1989. It asked the following questions of 800 registered voters statewide, plus an extra 200 registered voters in San Diego County. The margins of error plus or minus 3.5 points for statewide responses and plus or minus points for San Diego County responses.

[In percent]

Response	State	San Diego
Question 1: As you may know, the United States accepts a number of legal immigrants from foreign countries each year. In your opinion, does the United States presently accept—too few immigrants, too many immigrants, or about the right number of immigrants—each year?		
Too few	9	10
Too many	51	49
About right	27	28
Unsure	14	13
Question 2: Currently, there is no absolute limit on the total number of legal immigrants who may enter the United States each year. Regardless of how many or how few immigrants you think the United States should accept, do you think Congress should—place a firm limit on the total number of immigrants who enter each year, or leave immigration policy as it presently stands with no limit on the number of immigrants who may enter each year?		
Limit	69	67
Unsure	6	7
No limit	26	26
Question 3: In selecting which people are allowed to enter the United States through immigration, should the government place more emphasis on—an immigrant's education and skills, or on an immigrant's family ties and connections inside the United States?		
Skill/education	46	47
Unsure	26	20
Family/connections	28	33
Question 4: Do you feel that illegal immigration into California is—		
A very serious problem	63	65
A somewhat serious problem	21	21
Only a slight problem	8	9
No problem at all	5	4
Unsure	3	0.4
Question 5: How would you rate the job that elected officials are doing to fight illegal immigration?		
An excellent job	1	1
A good job	8	0
Only a fair job	43	45
A poor job	41	40
Unsure	7	3
Question 6: Recently, a private non-profit group released a study concluding that illegal immigration could be reduced by (1) secure fences and other barriers along the border south of San Diego, and (2) strict enforcement of the laws against employers hiring illegal aliens. Let's consider these proposals one at a time. Do you—approve, or disapprove—of the proposal to erect secure fences and barriers along the border south of San Diego?		
Approve/strongly	36	47
Approve	16	12
Unsure	9	4
Disapprove	14	10
Disapprove/strongly	26	27
Question 7: Do you—approve, or disapprove—of the proposal to strictly enforce against employers hiring illegal aliens?		
Approve/strongly	62	73
Approve	17	11
Unsure	3	4
Disapprove	7	4
Disapprove/strongly	11	9
Question 8: There has been some discussion about border security and drug smuggling into the United States. Do you think—increased border security is necessary for the war on drugs, or increased border security should not be a priority in the war on drugs?		
Necessary/strongly	68	73
Necessary	13	7
Unsure	5	4
Not priority	5	6
Not a priority/strongly	9	10
Quesiton 9: Recently, there have been proposals to charge a border toll of between $1-$2 per person to help finance increased manpower to speed traffic at border inspection points and to increase immigration and drug enforcement patrols. Do you approve or disapprove—of this border toll to pay for increased manpower, immigration and drug enforcement?		
Approve/strongly	49	48
Approve	22	18
Unsure	5	5
Disapprove	8	5
Disapprove/strongly	16	24
Question 10: The border fence south of San Diego installed some years ago is now torn and tattered. Assuming the fence can be replaced with a fence that cannot be easily climbed or destroyed would you—support, or oppose—rebuilding the fence south of San Diego?		
Support	67	69
Unsure	10	5
Oppose	23	26
Question 11: The U.S government has recently proposed construction of a four-mile drainage ditch at the border south of San Diego that would also stop vehicles smuggling illegal aliens and drugs. From everything you know about smuggling and illegal immigration, would you—support, or oppose—construction of the four-mile ditch south of San Diego?		
Support/strongly	41	46
Support	19	11
Unsure	12	12
Oppose	9	6
Oppose/strongly	19	25

[From V. Lance and Associates, May 15-21, 1989]

Texas State Poll on Border Security and Immigration

Question 1. As you may know, the United States accepts a number of legal immigrants from foreign countries each year. In your opinion, does the United States presently accept (1) too few legal immigrants, (2) too many legal immigrants, or (3) about the right number of legal immigrants—each year?

Response:

Too few	4.8
Too many	59.3
About right amount	27.0
Unsure	8.9

Question 2. Although there are limits on certain categories of immigrants, there is currently no limit on the total number of

legal immigrants who may enter the United States each year. Regardless of how many or how few immigrants you think the United States should accept, do you think Congress should (1) place a firm limit on the total number of legal immigrants who enter each year, or (2) leave immigration policy as it presently stands with no limit on the number of legal immigrants who may enter each year?

Response:

Limit	76.8
Unsure	5.5
No limit	17.7

Question 3. In selecting which people should be allowed to enter the United States through immigration, should the government place more emphasis on (1) an immigrant's education and skills, or (2) on an immigrant's family ties and connections inside the United States?

Response:

Skill/education	45.0
Unsure	21.6
Family/connections	33.4

Question 4. Do you feel that illegal immigration into Texas is—

Response:

Very serious problem	67.8
Somewhat serious	19.2
Slight problem	7.7
No problem at all	3.6
Unsure	1.7

Question 5. How would you rate the job that elected officials are doing to fight illegal immigration?

Response:

An excellent job	1.5
A good job	12.9
Only a fair job	45.5
A poor job	35.1
Unsure	5.0

[From U.S. News & World Report, February 1986]

WHAT OUR READERS HAVE TO SAY

U.S. News readers have always shown a strong interest in what's going on in the nation and the world. They got their chance to express their views in the readers' survey included in the year-end Outlook '86 issue.

More than 36,000 readers took the trouble to tear out the questionnaire, mark their choices and mail it back. The results that follow—while not a true cross section of our readership—are a statistically reliable sample of the reader group that responded to the survey.

Our readers stood firm on the immigration question, with 74.9 percent urging further restrictions on the influx. Said one: "I don't believe that everyone born into the world is an American who just hasn't gotten here yet, nor do I believe that everyone has a 'right' to come if they want to."

How should immigration policy be changed?	*Percent*
Restrict immigration further	74.9
Grant amnesty to illegal aliens already here	17.4
Let more immigrants come	6.1

By Mr. PACKWOOD:

S. 1207. A bill to amend the Communications Act of 1934 to reform the radio broadcast license renewal process, and for other purposes; to the Committee on Commerce, Science, and Transportation.

RADIO LICENSE RENEWAL AND IMPROVEMENTS ACT OF 1989

● Mr. PACKWOOD. Mr. President, today I am introducing the Radio License Renewal Reform and Improvements Act of 1989. This legislation is a companion bill to H.R. 1136, sponsored by Representative RINALDO of New Jersey, which already has close to 100 cosponsors.

For years, Congress, the courts, and the Federal Communications Commission have struggled with the broadcast license renewal process. The Communications Act of 1934 requires broadcasters to operate in the public interest in serving their local communities, in return for their licenses. The intent of the license renewal process was to further these public interest goals. In reality, however, the renewal process fails to achieve these ends. Instead, it has led to abuse of the FCC's procedures. The bill I am introducing today is designed to reform the renewal process.

The problems with renewal flow from the tension between ensuring that the public is protected by denying renewal to broadcasters who fail to meet their obligations, while providing a reasonable expectancy of renewal for the vast majority of broadcasters who do an excellent job in serving their communities. Policymakers and the courts have long recognized that an expectation of renewal is desirable, because it encourages licensees to invest the energy and money in improving their service to communities with better programming and facilities.

Under the act, when a broadcast license is up for renewal, any member of the public may file a competing application for that license. This automatically places the existing broadcaster into the comparative renewal process at the Commission. The FCC then must compare the merits of the incumbent broadcaster with the challenger, and decide which will best serve the public interest.

Unfortunately, the present comparative renewal process has proven virtually impossible for the FCC and the courts to administer in a rational, legally consistent manner. As a result, neither the legitimate interests of the public nor of the broadcasters are served. The FCC's dilemma is that it must weigh the actual record of the incumbent against the paper promises of the challenger, which is an extremely subjective, "apples versus oranges" comparison at best. Despite the fact that an incumbent broadcaster may have served its community admirably, challengers know that they can tailor, on paper, their applications to correspond to whatever ownership, programming, and technical criteria will favor them under the FCC's standards of the day.

Over the years, the comparative process has ceased to serve the public interest goals of the Communications Act, and has become subject to significant abuses. Few comparative challenges actually result in the denial of renewal to an existing broadcaster. However, the process opens up all broadcasters to a form of "greenmail." Comparative challenges can run for years. The legal and personnel costs of these comparative renewal challenges can be staggering, not only for licensees, but for the FCC as well.

As a result, a challenger who has no real interest in operating under a license may file a challenge to its renewal—or even merely threaten to file a challenge—with the expectation that it can be paid off, either directly or indirectly, to withdraw or withhold its filing. Stations who are confident of winning renewal at the FCC still may find it less expensive to pay off challengers than to spend even more money and time in legal proceedings.

Clearly, none of this serves the public or responsible broadcasters. The FCC recently has acted to curb renewal abuses by banning such payoffs of challengers, except for legitimate and prudent legal, engineering, and related expenses by valid challengers. However, the FCC does not have the authority to fix the core problem of the renewal process.

For nearly 20 years, communications policy experts going back to Senator John Pastore of Rhode Island, the former chairman of the Communications Subcommittee, have recommended legislation to replace this existing renewal process with a two-step process. Under this new renewal procedure, the FCC first would examine the record of the incumbent licensee and its renewal application. If the FCC determined that the licensee had served the public interest and operated under its statutory and regulatory obligations, the licensee would be eligible for renewal. If the licensee failed this test, its renewal would be denied. The FCC then would consider the applications for a replacement to the incumbent in the second of the two steps.

This is the basic premise of the legislation I am introducing today. The bill would do the following:

First, implement a two-step renewal for radio. A station will be eligible for renewal if it demonstrated: that it has broadcast material responsible to issues of concern to its community; it has not committed any serious violation of the Communications Act or FCC rules; and, it has not demonstrated a "pattern of abuse" of the Act and the rules.

Second, ban "payoffs." Except for legitimate and prudent expenses, no payments may be made for the withdrawal, or withholding from filing, of a competing application, petition to deny, or informal complaint.

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Third. Create an informal complaint process. for the first time, the FCC would establish a procedure to consider and resolve informal citizen complaints against licensees prior to the completion of the license term.

With respect to the implementation of a two-step process as perceived by this bill, it is very similar to the broadcast legislation that the Senate has passed on numerous occasions, including bills I sponsored in the 97th and 98th Congresses. However, this bill differs from earlier legislation in that it would apply only to renewals of AM and FM licenses. I hope that a radio-only approach will avoid some of the subsidiary issues that caused the demise of earlier all-industry efforts as they moved through the legislative process in the House.

Furthermore, a radio-only approach makes sense from a policy standpoint. Radio and television are different industries in many respects. Our Nation is served by more than 10,300 radio stations, making it perhaps our most diverse, locally-oriented medium. If any communications medium is subject to regulation by a highly competitive market, it is radio. The most recent listening surveys available show that on average, even the least populated counties of our Nation—those with 1,000 or fewer people above the age of 12—can receive more than 10 radio stations. The most populated counties—with 500,000 or more people above the age of 12—can receive more than 80 radio stations. As a result, radio stations have evolved into niche-types of programming much like our print media has. This legislation reflects the competitive forces that have shaped the radio industry over time.

This bill would eliminate the abuses, delays, and high legal and administrative costs inherent in the present comparative renewal process and provide solid radio broadcasters with a reasonable expectation that they can win renewal if they serve the public interest. However, this is by no means a one-sided bill. The newly created informal complaint process will ensure that citizen concerns about broadcasters' performance can be resolved prior to the completion of a license term. Futhermore, the public will retain its ability under the existing petition-to-deny process to fully participate in the FCC's decisionmaking at renewal time. In addition, this bill leaves intact the panoply of existing FCC powers to sanction or remove broadcasters who do violate the public interest.

Mr. President, most members of the Senate are aware of my views on broadcast regulation. I have long supported the elimination of unwise or unneeded Government regulation of our electronic press, wherever possible. At the same time, I want to ensure that the public interest is protected, whether by competitive forces in functioning markets or by narrowly crafted Government oversight. This legislation accomplishes both goals, and I look forward to its early consideration.

I ask unanimous consent that the complete text of this bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1207

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Radio License Renewal and Improvements Act of 1989".

SEC. 2. FINDINGS.

The Congress finds that—

(1) the public interest is best served by policies and regulations that foster the concept of broadcast localism, in terms of station allocation, station licensing and the practicable reception of locally oriented and interference free radio service;

(2) the Federal Communications Commission should adopt and enforce station allocation and interference protection rules and policies that guard against any increase in, and work toward a diminution of, interference levels currently experienced in the AM and FM broadcast bands;

(3) radio broadcasters should consider the variety and types of programming available in the radio marketplace in exercising the wide editorial discretion necessary to meet the needs and interests of their local listening audience; and

(4) radio broadcasters should enjoy a renewal expectancy, on the condition that they have provided issue-responsive programming to their local audiences, and have neither demonstrated a pattern of abuse nor have committed serious violations of the Communications Act of 1934 or Federal Communications Commission rules and regulations.

SEC. 3. RADIO BROADCAST RENEWAL PROCEDURE.

(a) IN GENERAL.—Section 309 of the Communications Act of 1934 (47 U.S.C. 309) is amended by adding at the end thereof the following new subsection:

"(k)(1)(A) In any case in which a radio broadcast station licensee submits an application to the Commission for renewal of a license, the Commission shall grant the application if it finds that with respect to that station, during the preceding term of its license—

"(i) the licensee has broadcast material responsive to issues of concern to the residents of its service area;

"(ii) there have been no serious violations by the licensee of this Act or the rules or regulations of the Commission; and

"(iii) there have been no other violations by the licensee of this Act, or the rules and regulations of the Commission, which taken together would constitute a pattern of abuse.

"(B) In the case of any radio licensee which fails to meet the requirements of this subsection, the Commission may deny the renewal application in accordance with paragraph (2), or grant such application on terms and conditions as are appropriate, including renewal for a term less than the maximum otherwise permitted.

"(C)(i) For purposes of subparagraph (A)(i), in determining which matters to address and what responsive material to broadcast, the radio licensee has wide discretion in providing issue responsive programming and may consider the composition of its audience, the number of other radio or television stations serving its community of license and service area, and the material broadcast by those stations.

"(ii) In evaluating the performance of a radio broadcast licensee under the standard of subparagraph (A)(i), the Commission shall not establish or apply any requirement respecting the radio broadcast of any specific subject, categories, or quantity of material. The Commission shall accept the licensee's judgment concerning the matters addressed, and the nature and quantity of responsive material presented, unless the Commission finds that the judgments were unreasonable in the particular circumstances and were not made in good faith. For purposes of this clause, the term 'quantity', when used with respect to responsive radio broadcast material, means the aggregate amount, individual unit duration, frequency, and scheduling of that broadcast material.

"(2) If the Commission determines, after notice and opportunity for a hearing as provided in subsection (e), that a radio licensee specified in paragraph (1)(A) has failed to meet the requirements established in that paragraph and that no mitigating factors justify the imposition of lesser sanctions, the Commission shall—

"(A) issue an order denying the application of renewal filed by such licensee under section 308; and

"(B) only thereafter accept and consider such applications for a construction permit as may be filed under section 308 for the broadcasting facilities of the former licensee.

"(3) In making the determinations under paragraph (1) or (2)(A), the Commission shall not consider whether the public interest, convenience, and necessity might be served by the grant of a license to a competing applicant for the facilities involved.".

(b) TECHNICAL AMENDMENT.—Section 309(d) of the Communications Act of 1934 is amended by inserting the following after "with subsection (a)" each place such term appears: "(or subsection (k), in the case of renewal of any radio broadcast station license)".

SEC. 4. LIMITATION ON FINANCIAL SETTLEMENTS.

Section 309 of the Communications Act of 1934 is further amended by adding at the end thereof the following new subsection:

"(l) If there is pending before the Commission a radio broadcast application under subsection (a) or (k), it shall be unlawful for the applicant and any other party or person to effectuate an agreement whereby the other party or person withdraws or withholds the filing of a competing application or a petition to deny (or informal objection) in exchange for the payment or promise of money or any other thing of value by or on behalf of the applicant. Under regulations which the Commission shall prescribe, the preceding sentence shall not apply to amounts legitimately and prudently expended or to be expended in connection with preparing, filing, or advocating the petition to deny or informal objection. For purposes of this subsection, an application shall be deemed to be pending before the Commission until an order of the Commission granting or denying it is no longer subject to rehearing by the Commission or to review by any court.".

SEC. 5. INFORMAL COMPLAINTS.

(a) Section 309 of the Communications Act of 1934, as amended by this Act, is further amended by adding at the end thereof the following new subsection:

"(m)(1) The Commission shall by rule establish a procedure by which informal complaints received by the Commission may be reviewed during the license term of a radio licensee. The Commission shall, by rule, ensure that the licensee has received notice of such informal complaints in sufficient time to respond to these complaints prior to Commission review. The Commission shall also ensure that such rules do not impose an undue burden on the complainant or on the licensee.

"(2) After final resolution of an informal complaint by the Commission, the Commission may, at the time of license renewal, consider the complaint or its resolution—

"(A) if the complaint, together with other complaints filed throughout the license term or at renewal constitute evidence of a pattern of abuse for purposes of subsection (k)(1)(A)(iii) of this section; or

"(B) if the resolutions constitute evidence of the licensee's effort to serve the public interest.

"(3) The restrictions concerning financial settlements contained in subsection (l) shall apply to actions under this subsection.".

SEC. 6. DEFINITIONS.

Section 309 of the Communications Act of 1934 is further amended by adding at the end thereof the following new subsection:

"(n) For the purposes of subsections (k) through (m) only, the term 'radio' means those aural services available to the general public on the amplitude modulation or frequency modulation bands.".●

By Mr. GORTON (for himself, Mr. MCCAIN, Mr. BOSCHWITZ, Mr. GRAMM, Mr. MCCLURE, Mr. LOTT, Mr. KASTEN, Mr. MCCONNELL, Mr. DOMENICI, Mr. WILSON, and Mr. BRYAN):

S. 1209. A bill to grant permanent residence status to certain nonimmigrant natives of the People's Republic of China; to the Committee on the Judiciary.

CHINESE FOREIGN STUDENT AND EXCHANGE VISITOR RELIEF ACT

Mr. GORTON. Mr. President, in reaction to the savage June 4, 1989, massacre in Beijing's Tiananmen Square, people around the world have raised their voices in support of the ideal of democracy and freedom for which the peaceful protesters died. As the current Chinese leaders intensify efforts to arrest and convict student demonstrators, the task of keeping the democracy movement alive is increasingly borne by its supporters outside of China. In the State of Washington, for example, the Associated Chinese Students and Scholars established the June Fourth Foundation to provide financial assistance to families of the victims of the Tiananmen Square massacre, and to foster in the American public a greater understanding of the continuing events in China.

Today, I am thoroughly pleased to introduce a bill for myself and for Senators MCCAIN, BOSCHWITZ, GRAMM, MCCLURE, LOTT, KASTEN, MCCONNELL, DOMENICI, WILSON, and BRYAN. This bill will allow Chinese foreign students and exchange visitors immediately to apply for, and, if otherwise eligible, receive permanent resident status in our country. This bill is designed for more than humanitarian and compassionate treatment for Chinese students who justifiably fear returning at this time to their besieged homeland. It also serves to encourage to the current Chinese leaders to adopt positive measures in order to attract back to China this pool of talented individuals, almost all of whom strongly believe in the virtues of freedom and democracy.

As Americans, we cannot force Chinese students or exchange visitors to return to a land in which their personal liberty and safety would be at risk. In the past few days, the Chinese Government has arrested more than 1,300 so-called counterrevolutionaries in a sustained effort to eradicate the last traces of the democracy movement and to prevent its resurgence. By advocating sympathetic review of visa extension requests and suspending until June 5, 1990 deportation of any Chinese national in the United States, President Bush and Attorney General Thornburgh have taken steps to ensure the temporary safety of our Chinese visitors.

In keeping with the spirit underlying these measures, I believe that we should allow those Chinese visitors who wish to do so the opportunity to continue their studies and to build their careers in the United States. The lives of Chinese students and scholars currently in our country are in limbo. They can neither safely return to China nor plan for the future. Without this legislation, they will be forced to return to China upon the expiration of their visas or the termination of the deferred departure program.

Selected from a system in which only the very top high school students have the opportunity for a college education, and only the most outstanding graduates may qualify for study abroad, these students represent the best and brightest youth of China. They most certainly will make significant contributions to any country in which they choose to reside—be it China or the United States.

The majority of Chinese students with whom I have spoken wish to return home if conditions permit. Their patriotic love for their country has not diminished, but, rather, has increased. They still desired to contribute their considerable talents to the economic and political modernization of China.

Depending on the length and severity of the Chinese Government's repression, however, many of the students may choose to make new lives in the United States. Those who make that choice will contribute to our economy and will enrich our culture. We should welcome warmly the Chinese students who wish to adopt this country as their new home. They will become fine, loyal, contributing Americans.

By allowing Chinese students and exchange visitors to remain as residents of our country, we also will provide initiatives to the current Chinese leaders to take steps to encourage rather than to try to force these talented individuals to return. China can ill afford to forego these valuable human resources.

As these students further their education and practical training in the United States, they will continue to experience first hand the virtues of democracy and freedom. Those who choose to return to China will take with them a heightened sense of our fundamental values of free governance, and one by one, will replant the seeds of political reform.

The bill that I and my colleagues are introducing today give Chinese students and exchange visitors the option to return to the country of their birth or build their lives in the United States. Wherever they may choose to live, these individuals will continue to play important roles to promote greater democracy and freedom in China. Until these goals are reached, however, the Chinese students and exchange visitors may choose to live in our country where democracy and freedom already exist, and we welcome them.

Mr. President, I ask unanimous consent that both the entire text of the bill I am introducing today, and a detailed summary of that bill, be printed in the RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1209

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Chinese Foreign Student and Exchange Visitor Relief Act".

SEC. 2. On or before June 5, 1990, such nonimmigrant natives of the People's Republic of China as are eligible under section 3 shall be held and considered to be lawfully admitted to the United States for purposes of the Immigration and Nationality Act upon the payment of the required visa fees.

SEC. 3. An alien entitled to the status granted by section 2 is a native of the People's Republic of China—

(1) who was admitted to the United States as a nonimmigrant alien before June 6, 1989, under subparagraph (F) (relating to students) or subparagraph (J) (relating to exchange visitors) of section 101(a)(5) of the Immigration and Nationality Act, and who held a valid visa under either such subparagraph as of that date;

(2) who has resided continously in the United States from the date of admission until payment of the required fee except for—

(A) brief, casual, and innocent absences; or

(B) travel abroad (other than travel after June 6, 1989, to the People's Republic of China) permitted by the Immigration and Naturalization Service; and

(3) who is otherwise admissible to the United States for permanent residence.

SEC. 4. The provisions of this Act supersede—

(1) section 201 of the Immigration and Nationality Act (relating to numerical limitations);

(2) Section 202 of that Act (relating to numerical limitations for any single foreign state);

(3) section 245 of that Act (relating to the adjustment of status of nonimmigrants to that of persons admitted for permanent residence);

(4) subparagraphs (C) and (D) of section 212(a)(28) of that Act (relating to membership in the Communist party or advocation of communism); and

(5) where applicable to nonimmigrants under section 101(a)(15)(J), the two-year foreign residence requirement contained in section 212(e) of that Act.

SEC. 5. Notwithstanding any other provision of law, any visa which is described in section 3(1) and which is valid as of June 6, 1989, shall be deemed to be valid through June 5, 1990.

SUMMARY OF THE CHINESE FOREIGN STUDENT AND EXCHANGE VISITORS RELIEF ACT OF 1989

PURPOSE

An Act to provide foreign students and exchange visitors from the People's Republic of China, and their resident spouses and children, with the right to apply immediately for and be granted permanent residence status in the United States.

SCOPE

Except as set forth below, the Act shall apply to any national of the People's Republic of China who as of June 6, 1989 held a valid and current F-1, F-2, J-1 or J-2 visa, and either (i) was physcially present in the United States on June 6, 1989, or (ii) was temporally absent from the United States on June 6, 1989, but whose departure from an subsequent return to the United States was or would be in accordance with the requirements of such national's visa (each, a "Subject Chinese National").

The Act shall not apply to a PRC national (i) who is a resident of a third country, (ii) who after June 6, 1989 has departed from the United States and travels to the People's Republic of China, or (ii) who is considered to be within one or more general classes of deportable aliens set forth in 8 USC Sec. 1251, provided however, mere past or present membership in the Communist Party of the People's Republic of China shall not of itself constitute a ground for deportation.

WAIVER OF WAITING PERIOD OR FOREIGN RESIDENCE REQUIREMENT

Notwithstanding any waiting period or foreign residence requirement otherwise required by the Immigration and Nationality Act, a Subject Chinese National shall have the right to apply immediately for and be granted permanent residence status in the United States.

APPLICATION PROCEDURE

A Subject Chinese National shall submit a substantially completed application form to the Immigration and Naturalization Service on or before June 5, 1990, and shall provide thereafter such supporting documentation as the Attorney General may reasonably prescribe.

AUTOMATIC VISA EXTENSION

Any F-1, F-2, J-1, or J-2 visa held by a Subject Chinese National which would otherwise expire prior to June 5, 1990, shall be extended to June 5, 1990 without further action by such Subject Chinese National.

WORK AUTHORIZATION

All Subject Chinese Nationals shall be granted employment authorization upon submission of a substantially completed application form by such Subject Chinese National.

By Mr. MOYNIHAN (for himself, Mr. BURDICK, Mr. MITCHELL, Mr. LAUTENBERG, Mr. CHAFEE, and Mr. DURENBERGER):

S. 1210. A bill to conduct a comprehensive national assessment of the nature and extent of aquatic sediment contamination; to the Committee on Environment and Public Works.

NATIONAL SEDIMENT CONTAMINATION SURVEY ACT

● Mr. MOYNIHAN. Mr. President, I rise today along with my Environment and Public Works Committee colleagues Mr. BURDICK, Mr. MITCHELL, Mr. LAUTENBERG, Mr. CHAFEE, and Mr. DURENBERGER, to introduce the National Sediment Contamination Survey Act of 1989.

If enacted, this legislation will require a determination of the extent to which sediment pollution problems are present and may be affecting water quality in the Nation's lakes, rivers, harbors, and other water bodies. To date, there has been no comprehensive survey of contaminated aquatic sediments. Not until these wounds of the industrial revolution are fully catalogued can we begin healing them in a systematic and comprehensive manner.

The potential scope of this problem is staggering given the historic use of our waterways as disposal areas. The United States has 39.4 million acres of lakes, 1.8 million miles of rivers, 32,000 square miles of estuaries, 23,000 ocean coastline miles, and hundreds of thousands of square miles of near-shore, continental shelf habitat. Even if only a small percentage of these have polluted sediments, it will represent a very significant problem.

We have made some progress toward the understanding of toxic waste sites on land. But we have precious little knowledge of where and how much toxic waste there is under water. With the start of industrialization, the simplest and most common method of disposal for any particular industrial waste product was to dump it into the nearest body of water. Out of sight was truly out of mind, and this has left us with an unknown number of underwater slag heaps.

The Clean Water Act has set standards for ongoing toxic pollution discharge into our waters. The Superfund program and its site designation system has focused on direct human health hazards on land. Unfortunately, neither deals directly with the problems caused by contaminated sediments, and neither helps to document or mitigate them. Many standards exist for acceptable water quality, but none are in place to define unacceptable sediment quality.

The legislation we are proposing today is a rather simple undertaking—we only ask that existing information be compiled. Once this comprehensive national survey of bottom sediments in all of the lakes, rivers, harbors, estuaries, and streams of the United States is complete, we will have the information to determine how best to proceed. I think it not only necessary but prudent that we take the first step of what will be many in the process of locating and solving contaminated water sediment problems.

Mr. President, William K. Reilly, Administrator of the Environmental Protection Agency, has expressed his willingness to direct this project. We are fortunate that in Mr. Reilly, we have a leader capable of seeing the benefits and necessity for such a survey. Mr. Reilly is interested in how these contaminated sediments affect our Nation's water resources as are my cosponsors and I. And I hope this legislation can be considered expeditiously so that the work can begin.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1210

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "National Sediment Contamination Survey act of 1989".

SEC. 2. GENERAL PROVISIONS.—

(a) Title I of the Federal Water Pollution Control Act is hereby amended by adding a new section 119, as follows:

"SEC. 119. STUDY BY THE ENVIRONMENTAL PROTECTION AGENCY.—

"(a) STUDY.—The Administrator of the Environmental Protection Agency shall conduct a comprehensive national survey of bottom sediment contamination in all lakes, rivers, harbors, estuaries, and streams of the United States. The Administrator in each instance shall compile all existing information on the quantity, chemical and physical make-up, geographic location, and source of such contaminated sediments.

"(b) REPORT.—Not later than twelve months after the date of enactment of this section, the Administrator of the Environmental Protection Agency shall report to Congress the findings of the study pursuant to subsection (a).

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are hereby authorized to be appropriated such sums as are necessary to carry out the study authorized by this section."●

By Mr. CRANSTON (for himself, Mr. MATSUNAGA, Mr. DECONCINI, and Mr. MITCHELL):

S. 1211. A bill to require the Secretary of Veterans' Affairs to pay the maximum amount of special pay authorized for Department of Veterans' Affairs physicians and dentists; to the Committee on Veterans' Affairs.

PHYSICIAN AND DENTIST SPECIAL PAY OFFSET

Mr. CRANSTON. Mr. President, as the chairman of the Committee on Veterans' Affairs, I am today introducing S. 1211, a measure which would reverse an action taken by then-Administrator of Veterans' Affairs Robert Nimmo in 1982 to limit the amount of special pay paid to VA physicians and dentists and would prevent such an action form occurring in the future. Joining with me as a cosponsor of this measure are committee members MATSUNAGA, DECONCINI, and MITCHELL.

From various reports, I believe it is clear that VA is having considerable difficulty recruiting and retaining certain physicians because, among other reasons, their salaries are not competitive with those earned by their peers working elsewhere. Although the bill we are introducing today does not offer a comprehensive solution to that problem, it does, I believe, propose a useful interim step.

Mr. President, a congressionally mandated report entitled the "Quadrennial Report to the President on Special Pay for Physicians and Dentists" was due to be submitted to the President and both committees on Veterans' Affairs on December 31, 1988. However, that report, which is to contain detailed comparative salary information and VA-specific recruitment and retention data, has been delayed until at least June 30. I believe it is important for physicians and dentists currently working in the Veterans' Health Services and Research Administration [VHS&RA] to know that Congress is aware of and concerned about their situation. It is my view that, even though physicians and dentists would not receive a significant salary increase under this bill, the knowledge that there is interest in their problems and that more comprehensive solutions are in the works should be helpful in holding the line on physician retention for a short time.

The information contained in the Quadrennial Report is essential to crafting any long-term solution but, because of the delay in its submission and the complexity of the issues involved, I do not see how Congress will have the time necessary to enact legislation this session. Rather than do nothing, however, I believe it is important to take reasonable action at this time. Specifically, this bill would require the Secretary, effective April 1, 1990, to reimburse physicians and dentists at the maximum rate allowable under section 4118 of title 38—a total of $22,500 for both primary and incentive special pay of which $15,000 could be comprised of incentive special pay alone. Although the financial impact on any one physician or dentist would not be great—from $391 to $2,756 per year although for the vast majority of full-time VA physicians and dentists, the increase would be about $2700 per year—I believe the impact on retention and morale would be quite positive. VA estimates that the first full-year cost of the bill would be about $25 million. The effective date is deferred for 6 months into fiscal year 1990 in order to reduce the amount that VA would have to absorb next fiscal year in order to make the payments called for by this measure.

BACKGROUND

On August 26, 1980, in response to difficulties with the recruitment and retention of qualified physicians within VA, the Congress enacted Public Law 96-330 over the President's veto. This law made permanent previously enacted special pay authority and increased the rates of such pay. Under this law, for pay periods beginning on or after December 31, 1980, the administrator—now Secretary—was given the authority to pay special pay to physicians and dentists in an amount not to exceed $22,500 per year. Of this amount, the Secretary is required to pay primary special pay of $7,000 to eligible full-time physicians—$2,500 to eligible full-time dentists—prorated for part-time service and has the discretion to pay an amount not to exceed $15,500 in incentive special pay of varying amounts for certain attributes such as full-time status, tenure, board-certification, and position held.

In October 1981, 9 months after this law was enacted, a 4.8-percent general pay increase took effect for Federal employees. Because of the Executive Schedule Level V pay limitation in section 5308 of title 5—then set at $50,112.50—physicians and dentists who were at that limit, or close to it, did not receive any, or the full benefit, of this increase. In January 1982, 3 months after the general pay increase, the pay cap was raised to $57,500 According to VA documents, then-Administrator Nimmo made the decision that, in view of this increase in basic pay, the amount of incentive special pay provided for VA doctors should be offset in response to this increase. He based this action on his belief that Congress had intended the increase in special pay to be a relief from the Executive level pay limitation. When certain relief was provided by raising the basic pay cap, he believed that incentive special pay should be adjusted downward. The offset was devised in such a way so as to assure that physicians and dentists received the 4.8-percent basic pay increase received by all Federal employees in October 1981, but their special pay was reduced by a commensurate amount.

In October 1982, a 4-percent general pay increase took effect for Federal employees. Even though the Executive Schedule Level V pay cap had been extended the previous year, many VA physicians were at that limit and it was not possible to grant the full basic-pay increase to all VA physicians and dentists. Therefore, the incentive special pay offset was revised upward in an amount that would provide a combined total of a full 4-percent increase.

Today, the Executive level pay limitation is $75,500; however, the amount of the incentive pay offset has not been changed since 1982. As I previously mentioned, these pay offsets affect physicians and dentists in certain grades and steps differently. Mr. President, I ask unanimous consent that a table depicting the various grades, steps, and reduction amounts be printed in the RECORD at the end of my statement.

EFFECT OF ELIMINATING OFFSET

Mr. President, currently 7,694 full-time physicians and dentists are recipients of special pay and 6,989—90.8 percent—are experiencing some reduction in incentive special pay. Of 3,616 part-time physicians and dentists receiving special pay, virtually all—3,610—are at Chief grade, step 5 or above and are experiencing reductions ranging from $391 to $2,756. The remaining 6 part-time employees are below Chief grade step 5 and are unaffected by the offset. The vast bulk of full-time physicians and dentists, 6,788 or 85 percent, are in Chief grade, steps 8-10, and receive an incentive special pay reduction of $2,682 yearly. Additionally, 164 full-time physicians and dentists are in Executive grade and are subject to a reduction of from $1,411 to $2,688 yearly; 7 fall within the Director grade and are subject to a reduction of from $2,237 to $2,682; and 30 fall within the Executive Schedule and receive a $2,682 yearly reduction.

Care provided to our Nation's veterans is only as good as the health-care professionals furnishing it. This relationship was recognized in the mid-1940's when VA forged affiliations with medical schools, and its is this understanding and relationship which have maintained the quality of care within VA medical centers throughout the years. Although recruitment and retention of VA physicians and dentists relate to more than their salaries—research and education opportunities and patient mix also attract highly qualified professionals to VA—it is difficult to find fault with these VA professionals leaving, or not joining, VA ranks when they can easily

double or triple their earnings in private practice.

Additionally, Mr. President, we are all aware of the extremely serious funding problems occurring within VA that are affecting the availability of research funds and patient-care supplies and equipment. These factors detract further from the attractiveness of VA employment for physicians and dentists. Until such time as a comprehensive solution to the salary structure for these VA doctors can be developed and implemented, I believe it is highly desirable that we offer them some form of recognition and encouragement.

Mr. President, one other potential complication relating to physician staffing is looming which could have a substantial adverse effect upon the quality of care in VA hospitals. Pursuant to Public Law 96-330, as of October 1, 1990, 100 percent of primary and incentive special pay paid to physicians and dentists will be treated as base-pay earnings for retirement purposes. Prior to October 1, 1985, special pay had not been been included for retirement purposes and from that date until 1990 only 50 percent of special pay was included. This approach was specifically intended by Congress to encourage longevity within the VA system.

In a March 3, 1989, letter, Dr. John Gronvall, VA's CMD, in response to my inquiry regarding the probability of physician staff shortages in the 1990's stated:

> The Department is particularly concerned that 45 percent of our current Chiefs of Staff will be eligible to take advantage of the retirement change as of October 1990. If a signficant number of these individuals elect to retire at that time, we would experience a critical shortage of clinical management at our facilities.

In this letter, Dr. Gronvall also notes that 16 percent of VA physicians will be eligible to retire in 1990. Although the additional amount which they would receive if the incentive special pay cap were as our bill provides is not great, this amount may be enough to entice a number of VA physicians to remain longer than they otherwise might.

CONCLUSION

Mr. President, I am anxiously awaiting the results of the Quadrennial Report so that more permament and comprehensive action can be taken to resolve VA physician and dentist pay problems. I plan to develop further legislation at that time.

I ask unanimous consent that the text of the bill we are introducing today be printed in the RECORD at this point together with the pay table mentioned earlier in my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1211

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PAYMENT OF PHYSICIANS' AND DENTISTS' SPECIAL PAY.

Notwithstanding any other law, effective with respect to pay periods beginning on or after April 1, 1990, the Secretary of Veterans Affairs shall pay the maximum amounts of special pay and incentive special pay then authorized for physicians and dentists in section 4118 of title 38, United States Code.

Incentive special pay offsets on and after October 3, 1982

[Reduction amount]

Grade/Step:	
Chief/5	$391
Chief/6	1,947
Chief/7	2,742
Chief/8-10	2,682
Executive/3	1,411
Executive/4	2,756
Executive/5	2,688
Executive/6-10	2,682
Director/1	2,237
Director/2	2,719
Director/3-10	2,682
All others limited to base pay at Executive Schedule Level V	2,682

By Mr. GORE (for himself, Mr. MITCHELL, Mr. CHAFEE, Mr. WIRTH, Mr. HEINZ, and Mr. KERRY):

S.J. Res. 159. Joint resolution to designate April 22, 1990, as Earth Day, and to set aside the day for public activities promoting preservation of the global environment; to the Committee on the Judiciary.

EARTH DAY

Mr. GORE. Mr. President, almost 20 years ago, this Nation stopped on a single day to think deeply about the environment. Ten thousand schools, two thousand colleges and universities, and virtually every community in the United States took part in the day we called Earth Day.

The U.S. Congress stood in recess so that its Members could devote Earth Day to focus on environmental concerns in their States and districts. All three networks devoted substantial coverage to events around the country, and the Public Broadcasting System devoted its entire daytime programming to Earth Day coverage.

In the end, more than 20 million people made known their concerns for the environment on Earth Day. The wave of support for environmental legislation that resulted from that first Earth Day resulted in the creation of the Environmental Protection Agency, the Clean Air Act, and the Clean Water Act.

With these major initiatives, we did more than increase awareness of the fragility of our global environmental—we reduced the amount of pollutants we were dumping into our environment. We instituted tougher controls on emissions and better safeguards for our resources. New technologies emerged to meet new challenges.

The environmental issues addressed by that first Earth Day were mostly local and national in scope. Today, we still face those original environmental problems, but we also recognize new, global challenges that few could foresee 20 years ago. Global climate change and destruction of the stratospheric ozone layer will require unprecedented cooperation among the nations of the world.

Next year, on April 22, 1990, we will again stop to think about the environmental challenges that we face, as we celebrate the 20th anniversary of Earth Day. But now, pausing to think must also mean we are ready to act, not only as a nation, but as neighbors in a global environment facing unprecedented threats.

The 1990's must be the decade of decisive action. If major national and international effort are not pursued during this period, irreparable damage will be done to the environment and the resources on which our economy, our security, and the future of life as we know it depend. These problems will not disappear of their own accord. They will only prove increasingly intractable and expensive, demanding crisis management.

In the developing nations, where more than 90 percent of all the people in the world will be born in coming decades, growing populations and debts intensify the pressures on natural resources every day. Deserts expand while the forest—home to such a wide range of life forms—continue to retreat. Hundreds of millions of people in the Third World live in abject proverty, and end up destroying the resources on which their future depends because no alternative is open to them.

Earth Day 1990 is being organized to overcome the sense of helplessness that many people feel in the face of these global challenges. It is rooted in a belief that people—working together—can indeed accomplish extraordinary things.

Earth Day 1990 will span nations, economies, and cultures. It will address scores of important issues. Decisions about how to best participate must be made at the national, regional, local, family, and personal levels. But we must all take part to show our common concern for our common future.

We know what to do. The task before us may seem immense, but Earth Day 1990 will remind us that it is manageable, that working together, we can protect our planet, the future of our children and all children around the globe. It will mark the beginning of a new decade of the environment and a critical resolve to make basic changes that will bring big re-

sults: reducing ozone-depleting chemicals and carbon dioxide emissions; preserving forests and endangered species; reducing our waste load and our energy consumption; coming to grips with explosive population growth and forging, once and for all, the path of sustainable development toward a sustainable future.

Mr. President, these issues are important to every American, and to every resident of this planet.

Mr. President, I am introducing a joint resolution today declaring April 22, 1990, to be Earth Day. This joint resolution has been drafted in close cooperation with the private sector organizers of this event. It is being introduced in the House of Representitives by Congressman UDALL. My cosponsors on this joint resolution include the majority leader, Senator MITCHELL; the ranking Republican member of the Environment Committee, Senator CHAFEE; my colleague from Colorado and partner in many such efforts, Senator WIRTH; my colleague from Pennsylvania, a key player in these matters, Senator HEINZ; and my friend and colleague from Massachusetts, Senator KERRY.

I am looking forward to Earth Day 1990, when together with millions of others around the world, we will gather again to illustrate our environmental solidarity clearly and convincingly.

● Mr. KERRY. Mr. President, I rise today as an original cosponsor of the joint resolution commemorating Earth Day 1990. Next April, one of the greatest demonstrations in history will take place across this Nation—and the world—Earth Day 1990, which will demonstrate around the globe that citizens need and want to save our shared planet Earth.

I helped organize the first Earth Day 20 years ago, and as a board member of Earth Day 1990, know that the renaissance in public interest in protecting our environment is bigger than ever. We've come a long way from the days of the early 1970's when supporters of the first Earth Day were contemptuously referred to as "tree huggers" or "bunny lovers" who weren't to be taken seriously. Today the environment and its critical state is being taken very seriously by Americans, from every walk of life, every income, every age, and every region of the land.

Earth Day 1970 brought us new laws and policies like the first Clean Air Act and Clean Water Act. Through massive educational efforts Earth Day 1990 will both teach citizens what they can do as well as put pressure on governments to enact necessary policies. The celebration will highlight the greenhouse effect and the need to lessen our dependence on fossil fuels and encourage strategies that promote energy efficiency, alternative energy sources and mass transportation. It will raise the ante and put pressure on governments to ban chlorofluorocarbons; as well as enact policies that slow down deforestation by preserving old growth forests, and promote sustainable development in agriculture. Another major area that will be addressed is waste management by focusing attention and the need for recycling efforts in the home, at school and in the work place as well as major litter campaigns to clean up our beaches and parks.

The first Earth Day is credited with raising people's consciousness about the environment. Today however, far too many citizens the world over have gotten far too complacent about the environment which we inhabit. Grassroots activity needs to be reborn, and so today by introducing this resolution on Earth Day 1990 we ask for a new call to action to all people to get involved to help save our planet Earth.

A century ago, a few Americans had begun to recognize that the environment—in all its greatness and grandeur—was not indestructible. As John Muir one of our first environmentalists wrote 100 years ago:

> Any fool can destroy trees * * * it took more than three thousand years to make some of the trees. * * * God has cared for these trees, saved them from drought, disease, avalanches, and a thousand straining leveling tempests and floods; but he cannot save them from fools—only Uncle Sam can do that.

The John Muir of today would include not only Uncle Sam, but Secretary Gorbachev, Margaret Thatcher, Gro Harlem Bruntland of Norway, Oscar Arias of Costa Rica, as well as, the many other leaders throughout the world.

Because today the issue of man threatening the environment has grown far beyond national borders—it has reached a point where it must be addressed on a global scale. Alone, no country can stem the tide of ocean pollution, put an end to acid rain or protect the Earth's ozone layer. Leaders of the international community and citizens of countries throughout the world must act in consort to sustain our planet. Earth Day 1990 will by necessity involve not just the United States, but as many nations as possible.

For example, recently, I participated in a televised global classroom project with Soviet and American students and environmental experts. The Soviets openly discussed how flawed irrigation projects have caused the Aral Sea to disappear, how major fish kills have occurred in Lake Baikal and the Volga River.

Other international examples of a strained environment can be seen in Poland where a quarter of the nation's soil is now believed to be too contaminated to farm safely, and the possibility that their tap water may be contaminated in the next decade is very real.

In Europe I have personally visited lakes which once provided a home to fish and plants—which are now completely lifeless from acid rain, and scientists are concerned that these lakes may never be restored. In Germany I witnessed first hand the destruction of that nation's heritage—the Black Forest—by acid deposition.

In Greece, we've observed the Parthenon literally melting from the deleterious effects of air pollution. In South America and Africa, we've helplessly watched as widespread tropical deforestation at the frightening rate of 54 acres a minute, has increased the amount of carbon dioxide in the atmosphere by as much as 20 percent adding to the greenhouse effect. And across the globe in China, soil erosion has damaged the Yellow River—ruining drinking water supplies, and causing flooding, economic havoc and dislocation for millions.

Mr. President, in America we must recognize that we cannot tell other nations what to do without realizing that we too have a road to travel. We have an air pollution problem that needs immediate national attention and I applaud the President for bringing this issue forward for debate. A few months ago 11 million gallons of oil was dumped into the once pristine Prince William Sound by a U.S. vessel and fortunately legislation to prevent such a future disaster and to help the cleanup effort is quickly moving through the Congress. In addition, lead has contaminated the tap water of an estimated 42 million Americans—with dire consequences to our children; and we have failed to take a lead in recycling or energy conservation. Furthermore, for years radioactive waste and toxics have polluted grounds surrounding nuclear production plants run by the Department of Energy.

The United States alone cannot save the world's environment, but we can be a model starting at home and taking the advice of Renee Dubos by "thinking globally and acting locally"; and we must act now.

Mr. President, Earth Day 1990 offers us an opportunity to launch this necessary national and worldwide coordinated effort. Unless all agree to take action together, many will fail to act at all. We can learn from the positive experience of the Montreal protocol in which nations agreed to reduce their production of chlorofluorocarbons. This model must be extended to address other critical issues, including global warming, through carbon dioxide emission reductions, ending deforestation, protecting biological diversity, as well as, keeping our oceans and beaches litter free, and promoting al-

ternative energy sources. Earth Day 1990 gives us the forum to get serious about the commitment.

Through introducing this resolution we are helping kick off an important awareness and education campaign that is urgently needed to avert the pending global environmental crisis. The need today for an environmental grassroots effort is more important than ever. Like the grassroots efforts that halted the Vietnam war we need a new grassroots effort to halt the toxic war, the air pollutants war and the global warming war. It is my hope that every citizen in every community in every State will be touched by the Earth Day 1990 message.

Policymakers react to their constituencies and now is the time for constituents to stand together and demand to be heard. I sound the alarm and ask for a new call to action to all people to get involved to help save our planet Earth, and urge citizens to participate and help make Earth Day 1990 the success it should be.●

By Mr. LAUTENBERG (for himself, Mr. CRANSTON, Mr. MURKOWSKI, Mr. PELL, Mr. CONRAD, Mr. MATSUNAGA, Mr. ROBB, Mr. BUMPERS, Mr. DIXON, Mr. JEFFORDS, Mr. BOREN, Mr. HOLLINGS, Mr. GORE, Mr. HEFLIN, Mr. COCHRAN, Mr. INOUYE, Mr. DOLE, Mr. SIMPSON, Mr. DECONCINI, Mr. KERRY, Mr. SIMON, Mr. LIEBERMAN, Mr. HATCH, Mr. MITCHELL, Mr. GRAHAM, Mr. SASSER, Mr. PRYOR, Mr. REIGLE, Mr. BOSCHWITZ, and Mr. BENTSEN):

S.J. Res. 160. Joint resolution to designate December 7, 1989, as "National Pearl Harbor Remembrance Day" on the occasion of the anniversary of the attack on Pearl Harbor; to the Committee on the Judiciary.

NATIONAL PEARL HARBOR REMEMBRANCE DAY

● Mr. LAUTENBERG. Mr. President, today I am introducing a joint resolution to designate December 7, 1989, the 48th anniversary of the attack on Pearl Harbor, as "National Pearl Harbor Remembrance Day."

This joint resolution also authorizes and requests the President to issue a proclamation calling upon the people of the United States to observe this solemn occasion with appropriate ceremonies and activities, and to pledge our strong resolve to defend this Nation and its allies from all future aggression.

I would like to commend the New Jersey members of the Pearl Harbor Survivors Association, particularly Lee Goldfarb, the State chairman, and the approximately 10,000 members throughout the country, for their active interest and support in commemorating this 48th anniversary through a Presidential Proclamation of National Pearl Harbor Remembrance Day.

On December 7, 1941, "A date which will live in infamy," while talks between Japanese and American diplomats were going on in Washington, the United States was attacked by the Imperial Japanese Navy and Air Force. Pearl Harbor was caught totally unprepared. The blow was deliberately planned for Sunday morning, when the ships of the Pacific Fleet were moored in perfect alignment, and their crews were ashore, having breakfast or relaxing on board. There was no advance warning.

About 360 Japanese planes attacked the Pacific Fleet units at the naval base, and Army aircraft at Hickam Field and other nearby military installations. The surprise attack, launched entirely without provocation, took the lives of 2,403 Americans, and wounded 1,178. Some of those lost were civilians.

Fortunately, no aircraft carriers were tied up at the base during the attack. When the assault ended nearly 2 hours later, the Pacific Fleet had lost eight battleships, three light cruisers, three destroyers and four other vessels. The attack also destroyed about 170 U.S. planes. The Japanese had concentrated on ships and planes, leaving repair facilities, the submarine base, and fuel oil shortage facilities relatively undamaged.

In short, the attack had dealt the Pacific Fleet, and Hawaii's air defense a devastating blow. In less than 2 hours, the Japanese had crippled the Pacific Fleet and undermined America's strategic position in the Pacific.

The unification of the country under the impact was swift. It was the first time in U.S. history that we had been attacked first, and it wiped away the last vestige of isolationist sentiment. The entire country stood behind the President and gave him wholehearted support. The attack united U.S. public opinion, and propelled the United States into World War II. On 4:10 p.m., Monday, December 8, 1941, the United States declared war on the Japanese.

As "Remember Pearl Harbor" became the American war cry throughout World War II, so today we must "Remember Pearl Harbor." We must recall and pay tribute to those who died in that tragedy, and we must remember so that we will never be caught short or unprepared again.

I ask unanimous consent that a copy of the joint resolution be printed in the RECORD, and I urge my colleagues to support this joint resolution.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 160

Whereas on the morning of December 7, 1941, the Imperial Japanese Navy and Air Force launched an unprovoked surprise attack upon units of the Armed Forces of the United States stationed at Pearl Harbor, Hawaii;

Whereas over two thousand four hundred citizens of the United States were killed in action and one thousand one hundred and seventy-eight were wounded in this attack;

Whereas President Franklin Delano Roosevelt referred to the date of the attack as "a date that will live in infamy";

Whereas the attack on Pearl Harbor marked the entry of this Nation into World War II;

Whereas the people of the United States owe a tremendous debt of gratitude to all members of our Armed Forces who served at Pearl Harbor, in the Pacific Theater of World War II, and in all other theaters of action of that war; and

Whereas the veterans of World War II and all other people of the United States will commemorate December 7, 1989, in remembrance of this tragic attack on Pearl Harbor: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That December 7, 1989, the anniversary of the attack on Pearl Harbor, is designated as "National Pearl Harbor Remembrance Day" and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States—

(1) to observe this solemn occasion with appropriate ceremonies and activities; and

(2) to pledge eternal vigilance and strong resolve to defend this Nation and its allies from all future aggression.●

ADDITIONAL COSPONSORS

S. 122

At the request of Mr. INOUYE, the name of the Senator from North Dakota [Mr. BURDICK] was added as a cosponsor of S. 122, a bill to amend title XVIII of the Social Security Act to provide coverage for social worker services furnished at rural health clinics.

S. 135

At the request of Mr. GLENN, the name of the Senator from Illinois [Mr. DIXON] was added as a cosponsor of S. 135, a bill to amend title 5, United States Code, to restore to Federal civilian employees their right to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes.

S. 276

At the request of Mr. DURENBERGER, the name of the Senator from Georgia [Mr. FOWLER] was added as a cosponsor of S. 276, a bill to establish a Department of Environmental Protection.

S. 494

At the request of Mr. DURENBERGER, the name of the Senator from North Dakota [Mr. CONRAD] was added as a cosponsor of S. 494, a bill to amend the Internal Revenue Code of 1986 to extend for 5 years, and increase the amount of, the deduction for health

insurance for self-employed individuals.

S. 507

At the request of Mr. SIMON, the names of the Senator from Ohio [Mr. METZENBAUM] and the Senator from Iowa [Mr. HARKIN] were added as cosponsors of S. 507, a bill to prohibit investments in, and certain other activities with respect to, South Africa, and for other purposes.

S. 563

At the request of Mr. MATSUNAGA, the name of the Senator from Arizona [Mr. DECONCINI] was added as a cosponsor of S. 563, a bill to amend section 3104 of title 38, United States Code, to permit certain service connected disabled veterans who are retired members of the Armed Forces to receive retired pay concurrently with disability compensation after a reduction in the amount of retired pay.

S. 570

At the request of Mr. DANFORTH, the names of the Senator from Vermont [Mr. LEAHY], the Senator from Alabama [Mr. HEFLIN], the Senator from Mississippi [Mr. COCHRAN], and the Senator from Ohio [Mr. GLENN] were added as cosponsors of S. 570, a bill to amend the Internal Revenue Code of 1986 to enhance the incentive for increasing research activities.

S. 618

At the request of Mr. SARBANES, the name of the Senator from Tennessee [Mr. GORE] was added as a cosponsor of S. 618, a bill to authorize the Indian American Forum for Political Education to establish a memorial to Mahatma Gandhi in the District of Columbia.

S. 640

At the request of Mrs. KASSEBAUM, the name of the Senator from Pennsylvania [Mr. SPECTER] was added as a cosponsor of S. 640, a bill to regulate interstate commerce by providing for uniform standards of liability for harm arising out of general aviation accidents.

S. 659

At the request of Mr. SYMMS, the names of the Senator from Utah (Mr. GARN] and the Senator from Minnesota [Mr. BOSCHWITZ] were added as cosponsors of S. 659, a bill to repeal the estate tax inclusion related to valuation freezes.

S. 686

At the request of Mr. MITCHELL, the name of the Senator from California [Mr. CRANSTON] was added as a cosponsor of S. 686, a bill to consolidate and improve laws providing compensation and establishing liability for oil spills.

S. 724

At the request of Mr. GRAHAM, the name of the Senator from Colorado [Mr. WIRTH] was added as a cosponsor of S. 724, a bill to modify the boundaries of the Everglades National Park and to provide for the protection of lands, water, and natural resources within the park, and for other purposes.

S. 805

At the request of Mr. MCCLURE, the name of the Senator from Washington [Mr. ADAMS] was added as a cosponsor of S. 805, a bill to amend the Food Security Act of 1985 to permit certain school districts to receive assistance to carry out the school lunch program in the form of all cash assistance or all commodity letters of credit assistance.

S. 896

At the request of Mr. SPECTER, the names of the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. WILSON], the Senator from Ohio [Mr. METZENBAUM], the Senator from Ohio [Mr. GLENN], and the Senator from Hawaii [Mr. INOUYE] were added as cosponsors of S. 896, a bill to amend the Public Health Service Act to aid in the planning, development, establishment and ongoing support of Pediatric AIDS Resource Centers, to provide for coordinated health care, social services, research and other services targeted to HIV infected individuals, and for other purposes.

S. 933

At the request of Mr. HARKIN, the name of the Senator from Illinois [Mr. DIXON] was added as a cosponsor of S. 933, a bill to establish a clear and comprehensive prohibition of discrimination on the basis of disability.

SENATE JOINT RESOLUTION 106

At the request of Mr. BOND, the names of the Senator from Indiana [Mr. COATS], the Senator from New York [Mr. D'AMATO], the Senator from Kansas [Mr. DOLE], the Senator from Utah [Mr. GARN], the Senator from Washington [Mr. GORTON], the Senator from Utah [Mr. HATCH], the Senator from Connecticut [Mr. LIEBERMAN], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from Georgia [Mr. NUNN], the Senator from South Dakota [Mr. PRESSLER], the Senator from Virginia [Mr. ROBB], the Senator from Illinois [Mr. SIMON], and the Senator from South Carolina [Mr. THURMOND] were added as cosponsors of Senate Joint Resolution 106, a joint resolution to authorize a commemorative stamp to be issued on January 18, 1991, to honor Doctor Thomas Anthony Dooley III, and commemorate the 30th anniversary of his death.

SENATE JOINT RESOLUTION 124

At the request of Mr. GORTON, the name of the Senator from Massachusetts [Mr. KERRY] was added as a cosponsor of Senate Joint Resolution 124, a joint resolution to designate October as "National Quality Month."

SENATE JOINT RESOLUTION 127

At the request of Mr. SIMON, the names of the Senator from Missouri [Mr. BOND], the Senator from Oregon [Mr. PACKWOOD], the Senator from Washington [Mr. GORTON], the Senator from Rhode Island [Mr. PELL], the Senator from Maryland [Ms. MIKULSKI], the Senator from Indiana [Mr. LUGAR], the Senator from Michigan [Mr. LEVIN], the Senator from Connecticut [Mr. LIEBERMAN], the Senator from Utah [Mr. GARN], the Senator from Montana [Mr. BURNS], the Senator from Idaho [Mr. MCCLURE], the Senator from Pennsylvania [Mr. HEINZ], the Senator from Ohio [Mr. GLENN], and the Senator from South Carolina [Mr. THURMOND] were added as cosponsors of Senate Joint Resolution 127, a joint resolution to designate Labor Day Weekend, September 2-4, 1989, as "National Drive for Life Weekend."

SENATE JOINT RESOLUTION 147

At the request of Mr. LAUTENBERG, the names of the Senator from Idaho [Mr. SYMMS] and the Senator from California [Mr. CRANSTON] were added as cosponsors of Senate Joint Resolution 147, a joint resolution to designate the week beginning June 11, 1989, as "National Scleroderma Awareness Week."

SENATE CONCURRENT RESOLUTION 47

At the request of Mr. SIMON, the name of the Senator from Massachusetts [Mr. KENNEDY] was added as a cosponsor of Senate Concurrent Resolution 47, a concurrent resolution expressing the sense of the Congress on multilateral sanctions against South Africa.

AMENDMENT NO. 196

At the request of Mr. MITCHELL, the name of the Senator from Vermont [Mr. LEAHY] was added as a cosponsor of amendment No. 196 proposed to S. 5, a bill to provide for a Federal program for the improvement of child care, and for other purposes.

S. 963

At the request of Mr. DOMENICI, the name of the Senator from Kansas [Mr. DOLE] was added as a cosponsor of S. 963, a bill to authorize a study on methods to commemorate the nationally significant highway known as Route 66, and for other purposes.

S. 979

At the request of Mr. DASCHLE, the name of the Senator from South Carolina [Mr. HOLLINGS] was added as a cosponsor of S. 979, a bill to provide grants for designating rural hospitals as medical assistance facilities.

S. 1020

At the request of Mr. BRADLEY, the names of the Senator from North Dakota [Mr. BURDICK] and the Senator from New Mexico [Mr. BINGAMAN] were added as cosponsors of S. 1020, a bill to amend the Foreign Assistance Act of 1961 to authorize appropriations for the Child Survival Fund and for other health and disease assistance programs.

S. 1036

At the request of Mr. LEAHY, the names of the Senator from Ohio [Mr. METZENBAUM] and the Senator from New Mexico [Mr. BINGAMAN] were added as cosponsors of S. 1036, a bill to improve the economic, community, and educational well-being of rural America, and for other purposes.

S. 1129

At the request of Mr. BENTSEN, the names of the Senator from Nebraska [Mr. EXON] and the Senator from New Jersey [Mr. LAUTENBERG] were added as cosponsors of S. 1129, a bill to amend the Internal Revenue Code of 1986 to simplify the antidiscrimination rules applicable to certain employee benefit plans.

S. 1179

At the request of Mr. LAUTENBERG, the name of the Senator from California [Mr. CRANSTON] was added as a cosponsor of S. 1179, a bill to establish a comprehensive marine pollution restoration program, to amend the Federal Water Pollution Control Act and the Marine Protection, Research, and Sanctuaries Act, and for other purposes.

SENATE JOINT RESOLUTION 93

At the request of Mr. DIXON, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of Senate Joint Resolution 93, a joint resolution to designate October 1989 as "Polish American Heritage Month."

At the request of Mr. SIMON, the names of the Senator from California [Mr. CRANSTON], the Senator from Ohio [Mr. GLENN], the Senator from Connecticut [Mr. LIEBERMAN], the Senator from Ohio [Mr. METZENBAUM], the Senator from Hawaii [Mr. INOUYE], the Senator from Washington [Mr. ADAMS], the Senator from Oklahoma [Mr. BOREN], the Senator from Tennessee [Mr. GORE], the Senator from Virginia [Mr. ROBB], the Senator from Maryland [Ms. MIKULSKI], the Senator from Alabama [Mr. SHELBY], the Senator from New York [Mr. MOYNIHAN], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from Wisconsin [Mr. KOHL], the Senator from Massachusetts [Mr. KERRY], the Senator from North Dakota [Mr. CONRAD], the Senator from Arkansas [Mr. BUMPERS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Kansas [Mr. DOLE], the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from Alaska [Mr. MURKOWSKI], the Senator from Rhode Island [Mr. CHAFEE], the Senator from Iowa [Mr. GRASSLEY], the Senator from Pennsylvania [Mr. HEINZ], the Senator from South Dakota [Mr. PRESSLER], the Senator from Alaska [Mr. STEVENS], the Senator from California [Mr. WILSON], the Senator from Florida [Mr. MACK], the Senator from Wyoming [Mr. SIMPSON], the Senator from Pennsylvania [Mr. SPECTER], the Senator from Vermont [Mr. JEFFORDS], the Senator from New York [Mr. D'AMATO], the Senator from Utah [Mr. HATCH], the Senator from Virginia [Mr. WARNER], and the Senator from Kansas [Mrs. KASSEBAUM] were added as cosponsors of Senate Joint Resolution 93, supra.

AMENDMENTS SUBMITTED

ACT FOR BETTER CHILD CARE

ROTH (AND OTHERS) AMENDMENT NO. 199

(Ordered to lie on the table.)

Mr. ROTH (for himself, Mr. ARMSTRONG, Mr. WILSON, Mr. EXON, Mr. D'AMATO, Mr. COATS, Mr. GORTON, Mr. CHAFEE, Mr. MACK, Mr. BOSCHWITZ, Mr. MCCAIN, and Mr. GRASSLEY) submitted an amendment intended to be proposed by them to the bill (S. 5) to provide for a Federal program for the improvement of child care, and for other purposes, as follows:

At the appropriate place, insert the following new section:

SEC. . CHILD CARE EARNINGS EXCLUDED FROM WAGES AND SELF-EMPLOYMENT INCOME FOR EXCESS EARNINGS TEST.

(a) WAGES.—Section 203(f)(5)(C) of the Social Security Act (42 U.S.C. 403(f)(5)(C)) is amended—

(1) by striking out "or" at the end of clause (i),

(2) by striking out the period at the end of clause (ii) and inserting in lieu thereof ", or", and

(3) by adding at the end thereof the following new clause:

"(iii) the amount of any payment made to an employee who has attained retirement age (as defined in section 216(1)) by an employer for child care services (including indirect services) performed by such employee after the month in which such employee initially becomes entitled to insurance benefits under this title.".

(b) SELF-EMPLOYMENT INCOME.—Section 203(f)(5)(D) of such Act (42 U.S.C. 403(f)(5)(D)) is amended—

(1) by striking out "or" at the end of clause (i),

(2) by adding "or" at the end of clause (ii),

(3) by inserting immediately after clause (ii) the following new clause:

"(iii) an individual who has attained retirement age (as defined in section 216(1)) who has become entitled to insurance benefits under this title, any income attributable to child care services (including indirect services) performed after the month in which such individual becomes entitled to such benefits,", and

(4) by striking out "royalties or other income" and inserting in lieu thereof "royalties or income".

(c) PAYMENTS OF CERTAIN RECOMPUTED BENEFITS DELAYED.—Section 215(f)(2) of the Social Security Act (42 U.S.C. 415(f)(2)) is amended by adding at the end thereof the following new subparagraph:

"(E) Under regulations of the Secretary, monthly benefits increased as a result of a recomputation under this paragraph shall be further increased on an actuarial basis to include such benefits which would have otherwise been paid in a lump sum (determined from the recomputation date to the effective date of such recomputation as provided under subparagraph (D)) as exceed an amount equal to such additional benefits determined for a thirteen month period beginning from such recomputation date.".

(c) EFFECTIVE DATES.—

(1) The amendments made by subsections (a) and (b) shall apply to wages or income earned after the date of the enactment of this Act.

(2) The amendment made by subsection (c) shall apply to recomputations made after the date of enactment of this Act.

PRYOR (AND OTHERS) AMENDMENT NO. 200

Mr. PRYOR (for himself, Mr. BUMPERS, and Mr. DIXON) proposed an amendment to amendment No. 196 proposed by Mr. MITCHELL (and others) to the bill S. 5, supra, as follows:

On page 8, line 15, delete "16" and insert in lieu thereof "13".

NOTICES OF HEARINGS

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. NUNN. Mr. President, I would like to announce for the information of the Senate and the public that the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, will hold field hearings on "Drugs and Violence: The Criminal Justice System in Crisis."

These hearings will take place on Monday, June 26, 1989, in Macon, GA, and on Wednesday, June 28, 1989 in Atlanta, GA. For further information, please contact Eleanore Hill of the subcommittee staff at 224-3721.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. WIRTH. Mr. President, I would like to announce for the public that a hearing has been scheduled before the full Committee on Energy and Natural Resources to receive testimony on a national energy policy. Secretary of Energy, Adm. James D. Watkins, and Deputy Secretary of Energy, W. Henson Moore, are scheduled to testify.

The hearing to receive testimony on domestic and international CO_2 emissions has been postponed.

The national energy policy hearing will take place Thursday, June 22, 1989, at 2 p.m. in room SD-366 of the Dirksen Senate Office Building in Washington, DC.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, anyone wishing to submit written testimony to be included in the hearing record is welcome to do so. Those wishing to submit written testimony should send two copies to the full committee, SD-306, Washington, DC 20510.

For further information, please contact Leslie Black of the committee

staff at (202) 224-9607 or David Harwood, legislative assistant with Senator WIRTH, at (202) 224-5852.

AUTHORITY FOR COMMITTEES TO MEET

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. DODD. Mr. President, I ask unanimous consent that the Select Committee on Indian Affairs be authorized to meet on June 20, 1989, beginning at 11 a.m., in 485 Russell Senate Office Building, to consider the nomination of Dr. Eddie Brown for the position of Assistant Secretary for Indian Affairs, Department of the Interior.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. DODD. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet during the session of the Senate on June 20, 1989, at 9:30 a.m. to consider pending committee business.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON PATENTS, TRADEMARKS, AND COPYRIGHTS

Mr. DODD. Mr. President, I ask unanimous consent that the Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary be authorized to meet during the session of the Senate on Tuesday, June 20, 1989, at 10:30 a.m., to hold a hearing on moral rights; visual artists.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. DODD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Tuesday, June 20, 1989, at 3:30 p.m., to hold a business meeting to vote on pending nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. DODD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Tuesday, June 20, 1989, at 2 p.m., to hold the final hearing in their series on the future of United States-Soviet relations with Secretary of State Baker as a witness.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON AGRICULTURE RESEARCH

Mr. DODD. Mr. President, I ask unanimous consent that the Subcommittee on Agricultural Research of the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on Tuesday, June 20, 1989, at 9:30 a.m., to hold a hearing on the mechanisms for establishing priorities in agricultural research programs.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. DODD. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Tuesday, June 20, 1989, at 2 p.m., in open session to receive testimony on the Department of Defense University Research Program in review of S. 1085, the Department of Defense authorization bill for fiscal years 1990-91.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FINANCE

Mr. DODD. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session of the Senate on Tuesday, June 20, 1989, at 10 a.m., to hold a hearing on proposals to improve health care coverage for children under the Medicaid and Maternal Child Health Services Block Grant Programs.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON PUBLIC LANDS, NATIONAL PARKS AND FORESTS

Mr. DODD. Mr. President, I ask unanimous consent that the Subcommittee on Public Lands, National Parks and Forests of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Tuesday, June 20, 1989, at 9:30 a.m., to receive testimony on S. 724, a bill to modify the boundaries of the Everglades National Park and to provide for the protection of lands, waters, and natural resources within the park, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

Mr. DODD. Mr. President, I ask unanimous consent that the Subcommittee on Housing and Urban Affairs of the Committee on Banking, Housing, and Urban Affairs be allowed to meet during the session of the Senate on Tuesday, June 20, 1989, at 10 a.m., to conduct hearings on S. 566, the National Affordable Housing Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

WEST VIRGINIA'S BIRTHDAY

● Mr. ROCKEFELLER. Mr. President, today I rise to recognize the great State of West Virginia on its 126th birthday.

On June 20, 1863, the area that is now home to 2 million proud Mountaineers became the 35th State to join the Union.

I am personally celebrating my silver anniversary of service to the fine people of West Virginia. I am enormously proud of my State and our determination to build a strong and bright future. The word is quickly getting out on "America's best kept secret." White-water rafting on West Virginia's rivers attracts thousands of visitors annually. Countless others come to enjoy skiing, camping, hunting, fishing, and the majestic beauty of the Mountain State that generations have enjoyed.

West Virginia was formed out of the long and embittered battles of the Civil War, earning her statehood through great bloodshed. Though recent times have brought some hardship, the dedicated citizens of West Virginia are determined to secure the future of their proud State for the generations yet to come.

Mr. President, today I ask you and my other colleagues to join me in saluting not only the State of West Virginia, but its proud citizens as well.●

A TRIBUTE TO CARL SAWICKI

● Mr. D'AMATO, I rise today to relate to my colleagues the bold determination of one of my constituents, Mr. Carl Sawicki.

Mr. Sawicki will turn 40 this July, and plans to do something special for his birthday. Carl is an avid bicyclist, and is planning to ride across the country in 21 days. In those 21 days he will cover 3,200 miles between San Francisco and Atlantic City, followed by his wife, Sara, who will follow in a van with supplies.

The Sawicki's will pay for the expenses of the trip themselves, and plan to raise $3,200 through pledges from sponsors. This money will then be donated to the Catskill Area Hospice, Inc., which cares for terminally ill patients. Carl's father died 10 years ago when the hospice was not in existence and Carl is riding so that others might live with dignity.

I would like to ask my colleagues to join me in applauding Carl Sawicki for his noble venture. May God be with him on his journey.●

A TRIBUTE TO NORMAN FAGAN

● Mr. ROCKEFELLER. Mr. President, I rise in honor of an outstanding West Virginian Norman Fagan who began employment with West Virginia's nationally acclaimed cultural center when it opened in July 1976.

As the commissioner of culture and history, Norman Fagan founded several events that have become annual traditions in West Virginia. They include the Vandalia Festival; the Jazz Festival; the Dance Festival; the High

School Drama Festival; the Community Theater Festival; the Young Arts Festival; the Black Cultural Festival; and the Summer Film Festival.

Fagan, a native of Pittsburgh, was manager for the Pittsburgh Playhouse before he spent a summer working in Beckley, WV, at the Grandview State Park. He was then employed by former Govs. Okey Patterson and Hulett Smith. From 1968 to 1971, Fagan was the director of the arts council in Charleston and then served as director of education at the Kennedy Center in Washington, DC. In 1972, he became chairman of the Endowment for the Arts in Washington, DC, and then returned to West Virginia as director of the arts council, chairman of the State's bicentennial commission and director of the cultural center in 1974.

Mr. Fagan will be retiring as commissioner of culture and history on June 30 after 15 years of service. I would like to commend Mr. Fagan on his years of dedicated service to the people of West Virginia. All West Virginians are grateful and proud of him and his many accomplishments. He is truly an outstanding person and citizen.●

BUDGET SCOREKEEPING REPORT

● Mr. SASSER. Mr. President, I hereby submit to the Senate the latest budget scorekeeping report for fiscal year 1989, prepared by the Congressional Budget Office in response to section 308(b) of the Congressional Budget Act of 1974, as amended. This report was prepared consistent with standard scorekeeping conventions. This report also serves as the scorekeeping report for the purposes of section 311 of the Budget Act.

This report shows that current level spending is over the budget resolution by $0.9 billion in budget authority, and over the budget resolution by $0.4 billion in outlays. Current level is under the revenue floor by $0.3 billion.

The current estimate of the deficit for purposes of calculating the maximum deficit amount under section 311(a) of the Budget Act is $135.7 billion, $0.3 billion below the maximum deficit amount for 1988 of $136 billion.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC., June 19, 1989.

Hon. JIM SASSER,
Chairman, Committee on the Budget, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The attached report shows the effects of Congressional action on the budget for fiscal year 1989 and is current through June 16, 1989. The estimates of budget authority, outlays, and revenues are consistent with the technical and economic assumptions of the most recent budget resolution, for fiscal year 1989, House Concurrent Resolution 268. This report is submitted under section 308(b) and in aid of section 311 of the Congressional Budget Act, as amended, and meets the requirements for Senate scorekeeping of section 5 of Senate Concurrent Resolution 32, the 1986 first concurrent resolution on the budget.

Since my last report, Congress has taken no action that affects the current level of spending or revenues.

Sincerely,

ROBERT D. REISCHAUER,
Director.

CBO WEEKLY SCOREKEEPING REPORT FOR THE U.S. SENATE, 101ST CONG., 1ST SESS., AS OF JUNE 16, 1989

[In billions of dollars]

	Current level [1]	Budget resolution, H. Con. Res. 268 [2]	Current level + / - resolution
FISCAL YEAR 1989			
Budget authority	1,233.0	1,232.1	0.9
Outlays	1,100.1	1,099.8	.4
Revenues	964.4	964.7	.3
Debt subject to limit	2,767.1	[3] 2,824.7	57.6
Direct loan obligations	24.4	28.3	3.9
Guaranteed loan commitments	111.0	111.0	
Deficit	135.7	[4] 136.0	[5] .3

[1] The current level represents the estimated revenue and direct spending effects (budget authority and outlays) of all legislation that Congress has enacted in this or previous sessions or sent to the President for his approval and is consistent with the technical and economic assumptions of H. Con. Res. 268. In addition, estimates are included of the direct spending effects for all entitlement or other mandatory programs requiring annual appropriations under current law, even though the appropriations have not been made. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

[2] In accordance with sec. 5(a)(b) of the levels of budget authority, outlays, and revenues have been revised for Catastrophic Health Care (Public Law 100-360).

[3] The permanent statutory debt limit is $2,800.0 billion.

[4] Maximum deficit amount (MDA) in accordance with section 3(7)(D) of the Congressional Budget Act, as amended.

[5] Current level plus or minus MDA.

PARLIAMENTARIAN STATUS REPORT 101ST CONG. 1ST SESS. SENATE SUPPORTING DETAIL, FISCAL YEAR 1989 AS OF CLOSE OF BUSINESS JUNE 16, 1989

[In millions of dollars]

	Budget authority	Outlays	Revenues
I. Enacted in previous sessions:			
Revenues			964,434
Permanent appropriations and trust funds	874,205	724,990	
Other appropriations	594,475	609,327	
Offsetting receipts	218,335	218,335	
Total enacted in previous sessions	1,250,345	1,115,982	964,434
II. Enacted this session:			
Adjust the purchase price for Nonfat dry dairy products Public Law 101-7)		10	
Implementation of the Bipartisan Accord on Central America (Public Law 101-14)	11		
Total enacted this session	11	10	
III. Continuing resolution authority			
IV. Conference agreements ratified by both Houses			
V. Entitlement authority and other mandatory items requiring further appropriation action:			
Dairy indemnity program	[2]	[2]	
Special milk	4		
Food Stamp Program	253		
Federal crop insurance corporation fund	144		
Compact of free association	1	1	
Federal unemployment benefits and allowances	31	31	
Worker training	32	32	
Special benefits	37	37	
Payments to the Farm Credit System	35	35	
Payment to the civil service retirement and disability trust fund[1]	(85)	(85)	
Payment to hazardous substance superfund [1]	(99)	(99)	
Supplemental security income	201	201	
Special benefits for disabled coal miners	3		
Medicaid:			
Public Law 100-360	45	45	
Public Law 100-485	10	10	
Family Support Payments to States:			
Previous law	355	355	
Public Law 100-485	63	63	
Veteran's Compensation COLA (Public Law 100-678)	345	311	
Total entitlement authority	1,559	1,121	
VI. Adjustment for Economic and Technical Assumptions	18,925	16,990	
Total current level as of June 16, 1989	1,232,969	1,100,103	964,434
1989 budget resolution H. Con. Res. 268	1,232,050	1,099,750	964,700
Amount remaining:			
Over budget resolution	919	353	
Under budget resolution			266

[1] Interfund transactions do not add to budget totals.

[2] Less than $500 thousand.

Note.—Numbers may not add due to rounding.●

TRIBUTE TO THE 50TH ANNIVERSARY OF THE AMERICAN COLLECTORS ASSOCIATION

● Mr. DURENBERGER. Mr. President, Minnesota is proud to be the home State to many corporations of national and international stature. And, through civic dedication, we claim great honor in being the center of great theater and music. At the core of our boasting is the promise of hard work, and the drive toward accomplishment.

For the last 40 years, Minnesota has been the hard-working home of the American Collectors Association. This national professional association, now celebrating its 50th anniversary, is the body charged with the responsibility to ensure professionalism and fair play in a field of business most of us hope we will never have to encounter.

Today, the American Collectors Association [ACA], located in Edina, MN, employs a dynamic staff of 50 to perform pertinent service functions to an international constituency of folks involved in the collection business. They provide professional operations insurance as well as access to health plans, promotional and administrative assistance to smaller operations, field complaints from member firms and private citizens.

Seasoned veterans of the field can gain from the continuing education opportunities offered by ACA. Workshops today address concerns relative to such topics as financial counseling, operations diversification and the characteristics of consumers who fall behind in paying off debt. This is a prime indication of the level of sophis-

tication the debt collection field enjoys today.

ACA is responsible for monitoring legislation as it affects members on State and Federal levels. Internationally, they represent operations on every continent but Antarctica, bringing together those who perform an essential service to a number of cultures and economies.

ACA shares a rich tradition of hard work, and is looking to the nineties to continue serving the debt collection professionals of the world. Minnesota is proud to welcome the associations's convention goers to the annual convention to be held this summer in Minneapolis. The theme of "golden opportunity" appropriately fits the proud celebration of ACA's golden anniversary.●

INVESTMENT IN EDUCATION AND TECHNOLOGY

● Mr. SIMON. Mr. President, I read a commentary that appeared in the Washington Post by Colby Chandler, chairman of Eastman Kodak Co., that is absolutely sound. It calls for greater American investment in education and technology.

There is wisdom in what he has to say, so much wisdom that we dare not ignore his advice.

My colleagues will remember that a few weeks ago, I asked to transfer 1 percent of the defense budget, approximately $3 billion, to education. I lost, though I received a substantially larger vote than many people expected since the leadership of both parties had lined up against me.

However we do it, we must simply make a much greater priority out of education and research in this country.

I ask that the Colby Chandler piece be inserted in the RECORD.

The article follows:

[From the Washington Post, June 7, 1989]

AMERICA'S FUTURE DEPENDS ON ITS INVESTMENT IN EDUCATION AND TECHNOLOGY

(By Colby Chandler)

America, like Britain before, is squandering its world economic leadership role through complacent self-indulgence. The result will be declining American living standards, as we become a nation quarreling over an undersized pie. To avoid this, we must tend to the basic elements of our competitiveness, the dollar, education and technology. At present, we are doing poorly on all three fronts.

First, the dollar. The last thing America manufacturing needs is a rising dollar, yet our currency is at a two-year high and not even economists can come up with a reason. The central banks keep intervening, yet seem unable to bring the dollar down.

American exports had been growing at a good pace and the trade deficit was beginning to fall. Now, export growth is stalling, the trade deficit is stuck at levels near $100 billion and our competitors can start reaping huge profits in the domestic market once again.

American companies that compete with foreign products either at home or abroad are faced with the familiar and unwelcome choice of squeezing profits to maintain market share or losing out to the competition. Either way it spells trouble for the American economy, because manufacturing will invest less in future capacity, when much more is required.

Sometine in the next decade, if other policies are not in place, the dollar will fall enough for us to start running trade surpluses, for the simple reason that no nation, not even ours, can forever continue going deeper into debt. Ultimately, our creditors will demand repayment.

But relying on the dollar alone to create trade surpluses—the most basic definition of competitiveness—must be a last resort, and a highly undesirable one. It means our merchandise goods are so cheap that the world will buy them regardless of quality. And it means that American living standards have taken a dive.

Rebuilding a strong manufacturing sector able to pay high wages and still sell in world markets takes time. According to a newly released study done for Eastman Kodak Co., "Meeting World Challenges: U.S. Manufacturing in the 1990s," manufacturing inevitably will become a larger share of the U.S. economy as we are forced to run trade surpluses, since manufactured goods are mostly what we trade.

But it is by no means assured that this "reindustrialization" will lead to better living standards for Americans. To the contrary, America could end up the low wage producer compared to West Germany and Japan unless we have sharp changes in policy soon.

A first-rate education system and sound technology policy are the foundations upon which we need to rebuild manufacturing. But neither is in place at the moment.

As a manufacturer of high-technology goods, I am alarmed that Kodak will be unable to find adequately educated and trained workers for our plants in the years ahead. Jobs will go begging because the skilled labor will simply not be available.

In Rochester, N.Y., only 2 percent of the jobs that need to be filled can be described as unskilled, yet anywhere from 10 to 15 percent of the work force is below high school equivalency!

As a manufacturer, I can speak with some authority about technology, the third leg of our competitiveness.

Superior technology means a superior product and a successful firm. At the company level, technology is central. So it is for the country. Yet, as a nation we fail to appreciate the critical role that technology plays in our future. To the contrary, we mindlessly pursue policies that undercut our ability to maintain a lead in this critical area.

We undercut technology in four ways. First, our capital markets worship the short term. Investment in research and development of new technologies with potential pay off down the road is anathema to financial markets, which thrive on volatility and judge a company on the basis of a quarter's performance.

Second, economic policies in this country undercut technology development by requiring high real interest rates to keep inflation under control. As long as we run large budget deficits in a fully employed economy, the Federal Reserve will have no choice but to keep interest rates up. A high interest rate environment makes investment in new technologies very expensive. Reducing the budget deficit, even if it means tax increases along with spending cuts, must be a priority if we want to invest in the future adequate rates.

Third, technology is not a priority for the U.S. government. The FSX deal with Japan shows the low regard in which it is held. Other governments view it as a national security matter. We seem prepared to give our technology leadership away, if it helps meet other "higher" national objectives.

The Bush administration's willingness to provide federal seed money for the development of high-definition television technology is a welcome first sign that at the national level development of commercial technologies is recognized as important to our economic future. Whether we end up handling HDTV correctly remains to be seen. The fact that the government is now paying attention is what counts.

Finally, while I have not resolved in my mind the role that government should play in technology development, I believe that we have been too ideologically rigid in the past about government-industry partnerships outside the defense area. After all, American agriculture today is the most productive, technologically advanced in the world, and there is no doubt that the government has played a key role in this success story.

While massive subsidies are not the answer for technology development, there are certainly lessons to be learned from the agriculture experience that do not undermine our free enterprise systems.

It is not inevitable that America declines in the years ahead. But it is also true that without a commitment to excellence in education and investment technology, a sharp fall in the dollar and our living standards will be the answer to America's competitiveness problems.●

ATLANTA JOURNAL AND CONSTITUTION ASSAULT WEAPONS STUDY

● Mr. CHAFEE. Mr. President, as my colleagues know, one of the most highly charged debates in America is the one over whether to ban so-called military-style assault guns. Since last January's tragic killing of schoolchildren in Stockton, CA, by a deranged man with a semiautomatic assault rifle, there has been a torrent of national and State legislative gun control proposals unparalleled since the passage of the 1986 Gun Control Act. Yet a central question in this controversy has remained: Just how serious is the problem of assault guns in America?

In a recent article, reporters Jim Stewart and Andrew Alexander employed a truly innovative method to come up with what is now a highly regarded study on the prevalence of assault guns in crime. For nearly a month, aided by a small clerical staff, they examined 42,758 firearms trace request forms that were sitting in file drawers at the Bureau of Alcohol, Tobacco and Firearms Tracing Center in Landover, MD. Information from the forms was put into computers, creating a base of more than 800,000 pieces

of data from which to make tabulations regarding how often assault guns are used in crimes and what models of these weapons pose the greatest threat to society.

The resulting stories have made a significant contribution to our understanding of this emotional and complex issue. I ask that they be inserted for the RECORD. I also ask that a copy of an editorial entitled "Assault Guns as Crime Weapons" from today's Washington Post be inserted as well.

The material follows:

[From the Atlanta Journal and Constitution, May 21, 1989]

ASSAULT GUNS MUSCLING IN ON FRONT LINES OF CRIME

(By Jim Stewart and Andrew Alexander)

WASHINGTON.—An assault gun is 20 times more likely to be used in crime than a conventional firearm, according to a study by the Atlanta Journal-Constitution Washington Bureau.

While assault guns account for 1 million—or 0.5 percent—of the 200 million privately owned firearms in the United States, they were used in one of every 10 crimes that resulted in a firearms trace last year, the study shows.

The findings appear to document for the first time what police across the nation have asserted for months—that a minute number of semiautomatic guns patterned after military firearms are the favored weapon of a growing number of criminals, especially violence-prone drug gangs that infest larger U.S. cities.

The study further found that two-thirds of the assault guns traced to crime are produced domestically and will not be affected by President Bush's decision to ban the importation of 49 foreign-made assault guns. The import ban is a key element in the administration's crime-fighting program announced last Monday.

"If you're going to do anything to assault weapons, I think you have to do a little more than Mr. Bush has done, and this study demonstrates that very clearly," said Sen. Dennis DeConcini (D-Ariz.), sponsor of one of two Senate bills that would impose new restrictions on assault guns.

A spokesman for the White House, however, said the findings were not at odds with Mr. Bush's plan but in fact "underscore the importance of the president's proposals."

Despite their small numbers, assault guns showed up in nearly 30 percent of all firearms traced to organized crime, gun trafficking and crimes committed by terrorists in the United States in 1988 and the first quarter of 1989, the study found.

And of the thousands of gun models sold in the United States, just 10 of them—all members of the so-called assault gun family—accounted for 12.4 percent of the nation's drug-related crime, the study found.

The findings came from a comprehensive examination of 42,758 gun trace requests submitted to the Federal Bureau of Alcohol, Tobacco and Firearms (ATF) from police departments around the nation. The forms covered the period from Jan. 1, 1988, to March 27, 1989.

With the bureau's approval, The Atlanta Journal-Constitution Washington Bureau entered data from each of the trace requests into computers. The data included the location and nature of the crime, the manufacturer of the gun involved, the weapon model, the magazine capacity and the weapon serial number. Once collated, the information provided a detailed state-by-state picture of the use of firearms in crime that had never before been available.

"These deadly statistics are hardly news to the nation's police officers, who are forced to deal with the carnage every day," said Sen. Howard M. Metzenbaum (D-Ohio). "But this chilling evidence should be enough to convince the rest of us that assault guns must be banned now."

Robert J. Barnes, a former senior federal firearms enforcement officer, said, "What this screams at me is that criminals have gone from using defensive weapons, like small handguns, to offensive weapons. This presents a totally different picture for the policemen of America. Their lives are clearly in much greater danger."

MIAMI, L.A. TOTALS: TWICE THE NATIONAL AVERAGE

For purposes of the study, assault guns were defined as those specifically identified by the Bush Administration's temporary import ban on foreign-manufactured semiautomatic weapons, as well as the domestically produced semiautomatics identified in Senate Bill 386, introduced by Mr. Metzenbaum. The two lists totaled 64 individual weapon models.

Among the study's other chief findings:

The use of assault weapons in crime rose more than 78 percent in 1988 over 1987. Figures for the first three months of 1989 show the trend toward the use of assault guns continues to grow.

Just 10 assault gun models accounted for 90 percent of the crimes involving assault guns. One of every five of those was a weapon known as a TEC-9. The gun, made in Miami, was virtually unknown two years ago.

In Miami, where drug gangs are especially violent and gun laws are lax, assault gun use rose to nearly twice the national average. In Los Angeles, the frequency of assault gun use in crime was also about twice the national average. In that city, a 20-day waiting period is required before a handgun purchases can be completed; assault rifles, however, are not covered and thus are easier to buy.

Some weapons that have figured prominently in congressional debates over assault weapons—notably the Atlanta-made Street Sweeper shotgun—actually cause barely a ripple on the crime scene. During 1988, only one of more than 33,700 guns traced by federal agents was a Street Sweeper.

For the first time since records on firearms used in crimes have been kept in the United States, semiautomatic pistols outnumber revolvers. Overall, the figures reveal a clear tend on the part of criminals to upgrade their arsenals with weapons that fire faster and hold more ammunition.

Most U.S. police departments are still armed with standard six shot revolvers, according to the International association of Chiefs of Police.

ATF LACKS FUNDS TO DO OWN COMPUTER ANALYSIS

The gun trace forms reviewed for this article were submitted to the U.S. Bureau of Alcohol, Tobacco and Firearms Tracing Center in Landover, Md., by city, state and federal police departments from all 50 states; a handful were submitted by foreign agencies. The ATF, an arm of the Treasury Department, is the federal agency responsible for enforcing U.S. firearms regulations. Its Landover center acts as a clearinghouse to aid police by tracing the ownership of guns used in crimes.

The ATF used to have the capability to do computer analysis of gun trace information, but it lost funding for its own computer system in 1985 and has since processed all requests by hand.

"The priorities on money changed, and unfortunately, other things came first," spokesman Richard Pedersen said.

The Atlanta Journal-Constitution Washington Bureau sought access to the forms in February and offered to computerize the data. The ATF agreed.

Summaries of data from the forms are "normally disclosable information that we needed and would have been glad to release, but did not have the manpower or funding to do so," Mr. Pedersen said.

The trace requests on file at Landover do not represent all the crimes committed with firearms in any given year because only a portion result in a trace request. Police departments vary in how frequently they ask for traces, according to Thomas M. Gerrity, the center's director.

The requests do, however, represent a "significant cross section" of firearm-related crime, Mr. Gerrity said. "It is the only national data base of its kind in the nation," he said.

For example, in 1987—the last year for which full records are available, the FBI's Uniform Crime Reporting Section documented 1.3 million crimes reported against individuals. Of those, 361,000 involved a firearm. The same year, the ATF received 35,100 weapons trace requests, about one for every 10 gun crimes reported.

SLAYINGS OF SCHOOLCHILDREN SPUR DEBATE

Assault weapons have been the focus of an increasingly emotional debate since January, when Patrick Edward Purdy killed five schoolchildren and wounded 29 others and a teacher in a Stockton, Calif., schoolyard. Purday fatally shot himself in the head with a semiautomatic pistol before police arrived.

The killings prompted a wave of national and state legislation, unparalleled since the assassinations of Robert F. Kennedy and Martin Luther King Jr. led to passage of the 1968 Gun Control Act. Twenty-three state legislatures are considering bills that would ban or restrict the use of specified assault guns. In Congress, two bills are pending in the Senate Judiciary Committee while four are working their way through the House.

Two problems have hampered advocates of revised gun laws.

The first is the difficulty of defining assault guns. Semiautomatic assault guns have the same kind of "receiver"—the mechanical portion of the gun housing the firing mechanism and to which the barrel is attached—as many popular hunting and sporting weapons not targeted for restriction.

Most current bills attempt to clear that hurdle by naming the weapons to be restricted. They would leave it to the ATF and a board of advisers to revise the list as need be, with congressional approval.

Their second problem deals with the actual number of assault guns owned by Americans and how many of these weapons have been involved in crime—varying estimates have confused the debate.

In testimony before a House subcommittee last month, ATF Associate Director Daniel M. Hartnett estimated that Americans own between 2 million and 3 million

semiautomatic firearms that could be classed as assault guns.

After a review of ATF records, agency spokesman Tom Hill said the number is closer to 1 million. Mr. Hill said the estimate was based on the actual number of imported weapons in the president's ban, combined with estimates of domestically produced weapons.

The number of assault guns traced last year surprised officials because there are so few of them in the general gun population.

Ninety percent of assault gun crime can be attributed to just six rifle models, three pistols styled with submachine-gun looks and one shotgun model, the Italian-made SPAS 12.

Among all types of weapons, the top five criminal guns were:

1. The MP-25, a .25-caliber semiautomatic pistol manufactured by Raven Arms in City of Industry, Calif., with an average reatil price of $85.

2. The Model 60, a stainless-steel .38-caliber revolver produced by Smith & Wesson of Springfield, Mass., priced at $360.

3. The Model 36, a slightly plainer .38-caliber revolver also made by Smith & Wesson and one of the world's most popular handguns. Its estimated retail price is $320.

4. The J22, a .22-caliber semiautomatic pistol made by Calwest Co. of Irvine, Calif., known for its small size, low price and notorious inaccuracy. It sells for $45.

5. The TEC-9, which ranked no better than fifth among assault guns alone in 1986 but is rapidly moving up the sales ladder. It retails for under $380.

In sheer numbers, assault guns were most common in drug-related crime, accounting for 12.4 percent of all narcotics firearms traced. On the West Coast, that frequency jumped to 21 percent, and in Arizona to 38.6 percent.

In addition to the standard crime categories traced, the government also tracks firearms involved in investigations of organized crime. Assault guns amounted to nearly one of every three guns in that category.

THE FICTION, THE FACTS

Fiction: Assault weapons are the same thing as machine guns.

Fact: Assault weapons are semiautomatics. Machine guns and submachine guns are automatics. The 1986 Firearm Owner Protection Act outlawed the production of machine guns for civilian purchase. To buy one today, the purchaser must pay a $200 transfer fee and submit to a background check by the federal government, submit a letter from his local police department and be fingerprinted.

Fiction: Assault weapons fire thousands of rounds a minute.

Fact: No assault gun can fire at such a high rate. That is true whether the weapon is a semiautomatic one, which fires one bullet for each pull of the trigger, or a fully automatic military rifle, which fires continuously when the trigger is depressed. The most a semiautomatic weapon can handle is between 60 and 80 rounds a minute, assuming the firer changes magazines rapidly.

Fiction: "There is simply no evidence that criminals prefer to use semiautomatic rifles, shotguns or pistols for illegal purposes. In fact, data available on criminals' firearms preferences indicates just the opposite." "Semi Auto Firearms," a pamphlet published by the National Rifle Association.

Fact: Whatever past trends may have shown, that's not the case today. For the first time since police began categorizing weapons by type, semiautomatic pistols are outdistancing revolvers and all other firearms as the weapon of choice of criminals. In the 15 months between Jan. 1, 1988, and March 27, 1989, semiautomatic models moved slightly ahead of revolvers, 14,160 to 13,968.

HOW THE STUDY WAS DONE

For purposes of this article, assault guns are defined as all 49 weapons identified in the March 14 and April 5 White House announcements temporarily suspending importation of specified foreign-made semiautomatic weapons. Also included are the 15 additional domestically produced semiautomatics identified in Senate Bill 386 as introduced by Sen. Howard M. Metzenbaum (D-Ohio).

In all, 42,768 Firearms Trace Request forms filed at the U.S. Bureau of Alcohol, Tobacco and Firearms (ATF) Tracing Center in Landover, Md., were examined. The forms cover the period from Jan. 1, 1988, to March 27, 1989.

Information from the forms was entered into computers by Atlanta Journal-Constitution Washington Bureau reporters and clerks and tabulated by Data Tabulating Service Inc. of Atlanta.

The information from each form included the date of the request; the identity of the requesting agency; the state where the request originated; the manufacturer; type of weapon, model, caliber, magazine capacity, serial number and country of origin; the type of crime involved; the presence, if any, of organized crime; and codes for nine major metropolitan areas selected by the reporters. Information on the forms was supplied by the law enforcement officer making the request.

Robert J. Barnes of Texarkana, Ark., served as a technical adviser for this article. A licensed firearms consultant, Mr. Barnes is the ATF's former senior firearms enforcement officer.

[From the Atlanta Journal and Constitution, May 21, 1989]

YOU AIN'T SEEN NOTHING; WAIT UNTIL I START SHOOTING PEOPLE

(By Andrew Alexander and Jim Stewart)

MANASSAS, VA.—Manassas police Sgt. John D. Conner was only about 25 feet away when he spotted the suspect, Roy Bruce Smith, coming out the back of the house.

Smith was drunk, but he still had an unfair advantage. Sergeant Conner was armed with a standard police-issue pistol; Smith had a Colt AR-15 and a full 20-shot clip.

"Drop the rifle! Drop the rifle now!" Sergeant Conner screamed.

Turning, Smith braced the semiautomatic against his hip and opened fire, spraying about 15 shots in the direction of the policeman.

The bullets picked the officer up like a rag doll and jolted him backward. One hit him in his right forearm, blowing out a crater of flesh. A second exploded through his right calf below the knee, leaving blood gushing from a 4-inch-long wound. For several moments the wounded officer thrashed in agony while Smith worked to clear a jammed round from his rifle. Finally, Smith pulled a handgun from his belt and fired once into Sergeant Conner's head.

Smith, 42, was convicted of capital murder in March. He awaits a judge's decision in a few days on the jury's recommendation that he die in Virginia's electric chair.

The AR-15 Smith used is now in a police safe awaiting eventual destruction. It was only one of hundreds of identical rifles traced last year to crime in America. The AR-15, in fact, ranked second among all assault guns in crime last year, according to a study by the Atlanta Journal-Constitution Washington Bureau.

In a recent prison interview here, Roy Smith said he didn't know anything about assault guns when he bought it in April 1979.

"It wasn't called an assault rifle back when I bought it," he said. "It was just an AR-15. I just bought it for target shooting."

The black metal-and-plastic-frame rifle also appealed to him because it was "ugly," the former computer technician said. The gun had come from an Atlanta distributor who sold it to a suburban Washington gun store, where Smith bought it.

"Smith had every weapon imaginable in his house, but he chose this one," said James A. Willett, a prosecutor in the case. "It was his weapon of choice."

According to court records and interviews with Smith, the prosecutor and police, this is what happened that day, one of the hottest and muggiest of the 1988 summer.

Smith had been drinking for hours. He was alone. Carol, his wife, had gone off to a company picnic without him.

There marriage was on the rocks. Nine months before, he had returned from an assignment in Asia and announced that he had fallen in love with a young South Korean woman. He wanted her to come live with them in Manassas. Not surprisingly, Carol objected.

And so when she headed off without him that day, he turned sour and started downing beers.

It was a familiar pattern for Smith. Subsequent testimony by a psychiatrist revealed Smith to have a "borderline personality disorder."

The psychiatrist explained: "Roy falls into a class of people who by definition, relative to normal, are more impulsive, more unstable, more prone to maladaptive action when thoughtful reflection would be helpful."

Indeed, the prosecution discovered a history of arrests, alcohol abuse and violence spanning nearly 20 years. It included misdemeanor convictions for disorderly conduct, assault and battery and indecent exposure. A felony conviction would have made it illegal for him to buy a gun.

During his first marriage, prosecutors said in court papers, Smith had been "abuse and threatening to his wife and members of her family. He frequently drank to excess and occasionally used marijuana. His conduct included, but was not limited to, threats, brandishing firearms, destruction of property and animal cruelty."

The more Smith drank that day, the more distraught he became. After about a dozen beers, he went into his house and got his AR-15. He stuck a .44-caliber Magnum pistol in a cowboy-style holster on his hip. He got another .357-caliber Magnum and tucked it under his belt. Then, as the sun began to set, he perched on the front porch of his brick-and-brown-siding townhouse and fired a few rifle rounds into the air.

Daniel Woods, who lived nearby, wandered by and offered a neighborly warning. "You've got to watch doing that kind of stuff," he told Smith. "You're going to get yourself in some serious trouble."

"You ain't seen nothing," Smith replied. "Wait until I start shooting people."

Then, as Mr. Woods walked away, he added: "All I'm really waiting for is somebody to call the police. First one I see, I'll blow him away."

Within minutes, he had the opportunity. As the police arrived and headed his way, Smith grabbed his AR-15 and retreated through the house and out the back door.

There in the humid dusk, perhaps 20 feet away, he faced Sergeant Conner.

"I got him coming out the back door," the sergeant radioed to fellow police. It was then he ordered, "Drop the rifle! Drop the rifle now!" and Smith turned, his assault rifle bucking in his hands.

In a rambling tape-recorded interrogation by police officers later that evening, Smith said he had become proficient with the military version of the AR-15 years ago in Army training.

"Unfortunately, I'm a good shot," he said. With an AR-15, I could hit you at a hundred meters.

"You don't forget," he said. "It's like riding a bicycle."

For John Conner's widow, Christine, the healing has proved slow. In a letter to the judge last month, she said she has lost more than 30 pounds since the shooting and has been placed on the drug Buspar, a "mood elevator." She distrusts even her friends and has sought counseling.

Her 2-year-old daughter, Elizabeth—unable to grasp the concept of death—occasionally carries a picture of her father and talks to him.

Her 5-year-old, David, refers to Smith as the "bad man."

"He has always been taught that hurting another person is wrong," she wrote. But young David asked her to relay his feelings to the judge in the letter:

"Mom, tell the judge for me that I hate the bad man that killed my daddy. Tell him I want to punch him in the face.

"Then I want him to let you shoot him."

ATLANTA FIRM CHURNS OUT THE MAC-11: A SOLDIER OF FORTUNE LEAVES LOCAL LEGACY

(By Ron Taylor)

The guns that account for the second-highest number of assault weapons linked to crime in the United States evolved from the obsessions of a Marietta mercenary and are the product of a northwest Atlanta manufacturing company that has warred with the U.S. Bureau of Alcohol, Tobacco and Firearms (ATF) for nearly a decade.

By the time ATF decided in 1982 that it had made a mistake in legalizing the semiautomatic MAC-10 and banned the gun, the company—then operating as RPB—had made 33,000 of them. MAC-10s still rank No. 7 among assault weapons in the frequency of trace requests filed with ATF. Under the name SWD Inc., the company continues to make a similar weapon called the MAC-11, which ranks No. 4 among assault weapons traced to crimes, according to the study by The Atlanta Journal-Constitution Washington Bureau. Counted together, the two guns would rank second.

Repeated efforts to interview Sylvia Daniel, the company's current president, or a spokesman for SWD were unsuccessful.

The original MAC-10, a fully automatic version designed by California gunsmith Gordon Ingram, was first manufactured by Military Armament Corp., a company run by Mitch WerBell III, the late Marietta soldier of fortune.

Wayne Daniel, the son of a Ringgold, Ga., minister and John Carpenter, an Atlanta lawyer, acquired the company and the MAC-10 in 1978 when they bought Military Armament's parent company, RPB. Their venture got off to a rocky start.

Carpenter was soon convicted of trying to bribe a Clayton County prosecutor to get him to drop a drug charge against a client. Two other partners in the company were accused of smuggling more than 2 tons of marijuana into Florida. One fled the country; the other was sentenced to 30 years.

Going it alone, Mr. Daniel began manufacturing a semiautomatic version of the MAC-10, which led to his first confrontation with ATF. The agency approved the weapon, then changed its mind as reports mounted that the legal semiautomatic was too easily converted to an illegal automatic.

AFT banned the MAC-10, Mr. Daniel sued but lost.

At the end of the MAC-10 dispute, Mr. Daniel dissolved RPB as a gun manufacturer and created SWD Inc., placing it in the hands of his ex-wife, Sylvia Daniel, who remains as head of SWD, an acronym for Sylvia Wayne Daniel.

The Daniels were indicted in 1985 on 12 charges of illegally selling parts to make silencers for submachine guns.

Shortly before the indictment, ATF agents executed a search warrant at the company. Mr. Daniel fired back with an advertisement in "Shotgun News" accusing ATF of "Gestapo" tactics under a photograph of Adolf Hitler. Seven ATF agents returned the salvo by filing a $7 million libel suit against Mr. Daniel's business and the magazine.

The case proved embarrassing for ATF when prosecutors finally had to admit that they could find no law specifically outlawing the sale of silencer parts. The Daniels wound up being fined $1,400 after pleading no contest to misdemeanor charges of not paying proper taxes on the parts.

A jury awarded the agents $1,000 each in the libel case.

AT TIMES, IT'S EASIER TO BUY AN UZI THAN MILK

Not long after Patrick Purdy killed five children with his AK-47 in Stockton, Calif., last January, a California television reporter conducted an experiment. He found it took him less time to buy an Uzi semiautomatic carbine than the five minutes it took to purchase a quart of milk in a grocery store express line.

In all but five states, assault rifles and shotguns are cash-and-carry items.

A purchaser must prove he is at least 18 years old and sign a form swearing he is not a convicted felon, mentally incompetent or addicted to drugs or alcohol. The form is not verified.

Twenty-three states impose a waiting period for the purchase of all handguns, including assault pistols such as the TEC-9 and MAC-11. Since the Purdy slayings, many cities have implemented additional restrictions.

Atlanta recently added assault rifles to an ordinance requiring a 15-day waiting period on handgun purchases. Also, city and Fulton County officials are considering proposals to outlaw the sale of assault weapons.

In most cities and states, however, buying a semiautomatic AK-47 requires less documentation, less verification and less time than:

Adopting a pet from the Society for the Prevention of Cruelty to Animals. (There is usually a $10 charge, plus a neutering fee and a home visit scheduled one week in advance.)

Obtaining a marriage license. (Most states require a fee, blood tests and an average five-day waiting period.)

Obtaining a library card. (Many city libraries demand a driver's license and recently postmarked mail verifying the applicant's address.)

A "HIGH-SPIRITED" GUN—"MEAN" LOOKS, LOW PRICE TAG ADD TO APPEAL OF TEC-9

(By Andrew Alexander and Jim Stewart)

MIAMI.—Carlos Garcia sees himself as a small-business man who saw a demand and met it.

The market was the "blue collar' gun buyer, he says, a survivalist kind of guy who wanted paramilitary weaponry but was put off by the high price of most guns.

Mr. Garcia's answer was the TEC-9, which has a submachine gun's style but costs less than $380—complete with 36-shot magazine.

Today, the 37-year-old Cuban native can't make the guns fast enough. Production at Mr. Garcia's modern suburban Miami gun plant is up to about 3,000 TEC-9s a month, he said, more than double the 1,200 a month produced little more than a year ago when he took over the family business.

The TEC-9 today is one of the most popular assault guns in the country.

It is also the nation's No. 1 assault weapon of crime: One of every five assault guns traced to crime is a TEC-9, according to a study of weapons traced by The Atlanta Journal-Constitution Washington Bureau.

That his gun is very popular among criminals, said Mr. Garcia, is not his responsibility.

"The only reason it's No. 1 on your list is because mine is the lowest price," said Mr. Garcia. "The next highest-priced gun of the assault weapons is two and a half times my cost.

"I know some of the guns going out of here end up killing people," he said. "But I'm not responsible for that. The ultimate user is you—the public. It is up to you how responsible you are in using that firearm, your car or what have you."

From a business standpoint, Mr. Garcia said in a recent interview, he liked the looks of the TEC-9 the first time he was shown one by a Swedish gunmaker who originally designed the gun for South Africa.

"I liked the fact that it looked paramilitary," he remembers. "The survivalist groups, people of that nature, they like to keep a weapon so that if anything ever happens, a war ever breaks out, they'd like to have it in their house.

"The old technology was all machining, hand polishing . . . very expensive work," said Mr. Garcia. "I felt that if any company was to be successful it would have to go into plastics, automation and that sort of thing."

Advertising for the TEC-9 reflects Mr. Garcia's marketing savvy. This is a "high-spirited" gun, say ads for the TEC-9, a weapon "as tough as your toughest customer."

"It has the intimidation factor," agreed Joseph J. Vince Jr., assistant agent in charge of the Miami ATF office. "Criminals, especially the narcotics people, want intimidation; that's the type of weapon that gives it to them."

Mr. Garcia agreed that his gun's "scary" looks were important in the marketing of the weapon. But price is the biggest factor he said.

He said he sells the TEC-9s to distributors at $210 each. He declined to reveal his profits.

Born in Cuba, Mr. Garcia said he came to the United States with his family in 1962 to escape a worsening political situation under Fidel Castro. His father, a well-to-do grocery store owner, stayed behind and was immediately jailed. He joined them in Miami after his release three months later.

After a stint in the U.S. Marine Corps, Mr. Garcia opened a gun shop in Miami in the spring of 1973.

Today, he is part-owner with his father in three thriving Miami gun shops and owns Baxter Wholesale Inc., a gun distributorship in Blue Ridge, Ga.

He also owns half of Intratec, a company started in 1984 by his father in partnership with a Hong Kong firm. Mr. Garcia bought out his father, Miguel, last year and now shares ownership of Intratec with another Florida businessman.

At Intratec, about 60 workers labor in shifts virtually around the clock to keep up with the booming civilian demand for the gun.

That rising popularity has not been without costs.

The estate of a school janitor in Connecticut, killed in 1985 by a disturbed student who opened fire with his father's TEC-9, has sued Intratec on the grounds that the gun's design and function render it unsafe for distribution to the general public.

The suit charges the TEC-9 "was and is primarily suited for and/or used in criminal activity" and that it "lacks legitimate use, such as sporting, law enforcement or self-protection."

"To me it's like any other gun because that's all it is," Mr. Garcia said. "It's just black. It looks black and it looks mean.

"But it's like looking at an ugly person. It doesn't mean he's mean or going to kill you."

[From the Washington Post, June 20, 1989]

ASSAULT GUNS AS CRIME WEAPONS

What a coincidence: just as lawmakers all around the country are responding to presidential and constituent calls to deal with the scourge of assault guns, along comes a barrage of new baloney from the NRA's propagandists. The word they're trying to spread now is that assault guns are not a popular weapon of criminals, that there's no evidence to support the view. Wrong. Leaving aside for the moment the feelings of those who face criminals most often—men and women of police forces and areas terrorized by drugs and violence—statistics show a steady increase in the use of assault guns in crimes. According to a study by The Atlanta Journal-Constitution Washington bureau, an assault gun is 20 times more likely to be used in crime than a conventional firearm.

This and other findings came from an examination of 42,758 gun-trace requests submitted to the Federal Bureau of Alcohol, Tobacco and Firearms from police departments around the country from Jan. 1, 1988, to March 27, 1989. Though assault guns account for 0.5 percent of the 200 million privately owned firearms in the United States, they were used in one of every 10 crimes that resulted in a firearms trace last year, the study shows. Two-thirds of these assault guns traced to crimes were domestic products—not covered by the federal ban on imports of certain models. Whatever past records may have shown, this analysis also shows that assault guns showed up in nearly 30 percent of all firearms traced to organized crime, gun trafficking and crimes committed by terrorists in this country in 1988 and the first quarter of this year.

As defined by the Bush administration and bills before Congress, there are about 50 guns meeting the description of an assault weapon. Of these there are 10 weapons that account for 90 percent of all the assault-gun crime. While it is true that pistols and revolvers are heavily used in crimes, the assault gun-trace requests as a percentage of all gun-trace request show a steady climb, from 5.6 percent in 1966 to 10.5 percent in the first three months of this year.

Robert J. Barnes, a former senior federal firearms enforcement officer, summarized the findings for Journal-Constitution reporters Jim Stewart and Andrew Alexander: "What this screams at me is that criminals have gone from using defensive weapons, like small handguns, to offensive weapons. This presents a totally different picture for the policemen of America. Their lives are clearly in much greater danger."

The assault guns most used in crimes are weapons that the vast majority of civilian gun owners and users can and do live without. For that matter, all Americans—particularly those most threatened by crime—could live without them very well.●

NORTHERN TELECOM'S RESPONSE TO THE VALDEZ CLEANUP

● Mr. PACKWOOD. Mr. President, in the midst of stories about the tragedy of the *Exxon Valdez* oil spill, an article appeared in Communications Week discussing a more positive aspect of the cleanup effort. This article describes the efforts of Mike Shaver, a Northern Telecom district sales manager based in Portland, to provide essential telecommunications needs for the cleanup operation.

I ask that the article from Communications Week be printed in the RECORD.

The article follows:

[From Communications Week, Apr. 24, 1989]

TELCO, VENDOR AID IN OIL CLEANUP EFFORT

(By Beth Schultz)

VALDEZ, AK.—As crude oil slithers its way up the Alaskan shoreline, workers at command headquarters here can stay on top of the cleanup efforts, thanks to the help of the local telephone company and its major vendor.

Before the Exxon Corp., oil tanker entered Prince William Sound late last month, about 2,500 people occupied this coastal village. By now, the population has almost tripled. And, as would be expected, phone service is in high demand.

As soon as Mike Shaver heard about the oil spill, he knew his company's help would be needed. Shaver, based in *Portland, Ore.*, is a district sales manager for Nashville, Tenn.-based Northern Telecom Inc. He immediately let the local telco, Copper Valley Telephone Cooperative Inc., know that Northern sales and switching engineers would be available on a 24-hour advisory basis.

Within three days of the spill, Copper Valley Tel knew it would be needing Northern's help to upgrade the DMS-10 switch serving Valdez, said Copper Valley Tel general manager Dean Moore. At that time, the telco began adding spare equipment to the switch and placing orders for equipment it did not have on hand.

PROVIDING RELIEF

To the credit of Northern and its suppliers, that process has gone amazingly well, Moore said.

"We are seeing two-day service from the lower 48 into Valdez for deliveries normally taking six to 10 days." he said. "And central office equipment that usually takes six to eight weeks is now coming on the third and fourth days."

In the past month, Copper Valley Tel has added 108 trunks to the switch, a figure more than double the 60 trunks needed to serve the community under normal circumstances.

The trunks, which are all direct-inward-dial (DID) units, are serving the state of Alaska, the Department of Environmental Conservation and Exxon Corp., Moore said.

In order to turn up the last batch of trunks, Copper Valley Tel had to install a new bay, shelf and corresponding equipment, Moore said. That equipment was deloyed early last week by the telco.

"We do all our own installation, due to the adequate training by Northern Telecom," Moore noted.

In addition to the trunks, which Shaver said were primarily plug-in cards, the telco had to equip the switch with five additional line-card drawers. With that addition, the switch jumped from serving 1,800 lines to serving 2,700 lines.

"I think we hit the peak," Moore said. "Our technicians have been working 12- to 18-hour days, seven days a week. We're going to try to settle down this week."

Once the cleanup efforts end, probably this fall, Exxon will have a lot of spare telephone equipment on its hands.

"The equipment will either be sold back or credited to Exxon," Moore said. To date, the company has spent about $300,000 on equipment and $500,000 on phone service. By the end, Moore estimated, Exxon's total bill will be close to $1 million.●

JANE M. SNOWDEN

● Mr. RIEGLE. Mr. President, I rise today to offer congratulations to Jane M. Snowden of the State of Michigan Washington office on her recent appointment as human services adviser to Gov. James J. Blanchard. As she prepares to return to Michigan in this important position, I would like to recognize and commend her years of dedicated service in the Nation's Capital on behalf of the citizens of Michigan.

Jane Snowden is a dedicated professional in her field. Her career began 23 years ago as a caseworker in rural Illinois. For the last 8 years, she has served as Michigan's voice on human service issues in Washington. In 1986 and 1987, Jane also served as director of budget planning and evaluation for Michigan's $4 billion human service budget while retaining her other responsibilities.

Throughout her career, Jane has earned the respect of all those who have worked with her. My staff and I have come to rely on her knowledge and professionalism. She returns to

Michigan as a nationally recognized expert in the area of human services.

I would like to extend appreciation and gratitude for myself and on behalf of the entire Michigan delegation to Jane Snowden for her work representing those Michigan families and individuals who most need help. We wish her well in her new position.●

FOREIGN CURRENCY REPORTS

In accordance with the appropriate provisions of law, the Secretary of the Senate herewith submits the following report(s) of standing committees of the Senate, certain joint committees of the Congress, delegations and groups, and select and special committees of the Senate, relating to expenses incurred in the performance of authorized foreign travel:

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY, FOR TRAVEL AUG. 13–31, 1988

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Patrick J. Leahy:									
People's Republic of China	Yuan	5,970.03	1,608.00					5,970.03	1,608.00
Hong Kong	Dollar	5,981.80	766.50					5,981.80	766.50
Senator Thomas A. Daschle:									
People's Republic of China	Yuan	5,970.03	1,608.00					5,970.03	1,608.00
Hong Kong	Dollar	5,981.80	766.50					5,981.80	766.50
Georgia Joyal:									
People's Republic of China	Yuan	5,970.03	1,608.00					5,970.03	1,608.00
Hong Kong	Dollar	5,981.80	766.50					5,981.80	766.50
Ellen McCulloch-Lovell:									
People's Republic of China	Yuan	5,970.03	1,608.00					5,970.03	1,608.00
Hong Kong	Dollar	5,981.80	766.50					5,981.80	766.50
Eric Newsom:									
People's Republic of China	Yuan	5,970.03	1,608.00					5,970.03	1,608.00
Hong Kong	Dollar	5,981.80	766.50					5,981.80	766.50
Charles Riemenschneider:									
People's Republic of China	Yuan	5,970.03	1,608.00					5,970.03	1,608.00
Hong Kong	Dollar	5,981.80	766.50					5,981.80	766.50
Robert Sutter:									
People's Republic of China	Yuan	5,970.03	1,608.00					5,970.03	1,608.00
Hong Kong	Dollar	5,981.80	766.50					5,981.80	766.50
Delegation expenses: [1]									
People's Republic of China							4,839.97		4,839.97
Hong Kong							6,916.39		6,916.39
Total			16,621.50				11,756.36		28,377.86

[1] Delegation expenses include direct payments and reimbursements to the Department of State and the Department of Defense under authority of sec. 502(b) of the Mutual Security Act of 1954, as amended by sec. 22 of P.L. 95-384, and S. Res. 179, agreed to May 25, 1977. In addition to those named above, the following individuals accompanied this delegation: Senator Robert T. Stafford and Neal Houston, authorized by the Republican Leader; Walter J. Stewart and Jan Paulk authorized by the Majority Leader.

PATRICK J. LEAHY,
Chairman, Committee on Agriculture, Nutrition and Forestry, May 10, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384-22 U.S.C. 1754(b), COMMITTEE ON APPROPRIATIONS, FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1989

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Patrick J. Leahy:									
Israel	Shekel	1,145	640.00					1,145	640.00
Egypt	Pound	1,229.13	444.00					1,229.13	444.00
Eric Newsom:									
Israel	Shekel	1,145	640.00					1,145	640.00
Egypt	Pound	1,229.13	444.00					1,229.13	444.00
James D. Bond:									
Egypt	Pound	1,229.13	444.00					1,229.13	444.00
Senator Barbara A. Mikulski:									
West Germany	Deutsche mark	522.06	283.70					522.06	283.70
Senator Warren B. Rudman:									
West Germany	Deutsche mark	657.87	357.50					657.87	357.50
Richard A. Pierce:									
South Korea	Dollar		1,015.00						1,015.00
Philippines	Dollar		187.50						187.50
United States	Dollar				1,951.00				1,951.00
Senator Wyche Fowler, Jr.:									
Germany	Dollar		91.00						91.00
Iraq	Dollar		609.00						609.00
Bahrain	Dollar		154.00						154.00
United Arab Emirates	Dollar		392.00						392.00
Oman	Dollar		388.00						388.00
Yemen	Dollar		408.00						408.00
Israel	Dollar		308.00						308.00
United States	Dollar				1,023.00				1,023.00
Patricia L. Lynch:									
British West Indies	Dollar		124.20						124.20
Bahamas	Dollar		116.20						116.20
Timothy Rieser:									
Kenya	Dollar		5.00		40.00				45.00
Malawi	Dollar		15.00		20.00				35.00
Zimbabwe	Dollar		130.00		10.00				140.00
Mozambique	Dollar		460.00		20.00				480.00
Rebecca M. Davis:									
British West Indies	Dollar		128.18						128.18
Bahamas	Dollar		120.18						120.18

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384-22 U.S.C. 1754(b), COMMITTEE ON APPROPRIATIONS, FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1989—Continued

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Total			7,904.46		3,064.00				10,968.46

ROBERT C. BYRD,
Chairman, Committee on Appropriations, Apr. 28, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), COMMITTEE ON ARMED SERVICES, FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1989

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Carl Levin:									
Korea	Won	323,740	474.00					323,740	474.00
Japan	Yen	38,500	308.00					38,500	308.00
John J. Hamre:									
Korea	Won	323,740	474.00					323,740	474.00
Japan	Yen	38,500	308.00					38,500	308.00
Senator John Glenn:									
Republic of Germany	Deutsche mark	1,025.80	557.50					1,025.80	557.50
Senator John McCain:									
Republic of Germany	Deutsche mark	199.05	108.18					199.05	108.18
Judith A. Freedman:									
Republic of Germany	Deutsche mark	1,025.80	557.50					1,025.80	557.50
Brian D. Dailey:									
Republic of Germany	Deutsche mark	1,025.80	557.50					1,025.80	557.50
Dale F. Gerry:									
Republic of Germany	Deutsche mark	1,025.80	557.50					1,025.80	557.50
Anthony H. Cordesman:									
Republic of Germany	Deutsche mark	1,025.80	557.50					1,025.80	557.50
Senator Jeff Bingaman:									
Japan	Yen	38,776	296.00					38,776	296.00
Edward McGaffigan, Jr.:									
Japan	Yen	193,880	1,480.00					193,880	1,480.00
United States	Dollar				1,433.00				1,433.00
Total			6,235.68		1,433.00				7,668.68

SAM NUNN,
Chairman, Committee on Armed Services, Apr. 4, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS, FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1989

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Martin Gruenberg:									
Netherlands	Guilder	1,771.14	840.00					1,771.14	840.00
United States	Dollar				816.00				816.00
John Walsh:									
Netherlands	Guilder	1,062.68	504.00					1,062.68	504.00
United States	Dollar				985.00				985.00
Total			1,344.00		1,801.00				3,145.00

DONALD W. RIEGLE,
Chairman, Committee on Banking, Housing, and Urban Affairs,
Mar. 31, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION, FOR TRAVEL FROM OCT. 1 TO DEC. 31, 1988

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Ralph B. Everett:									
Australia	Dollar	1,555.96	1,333.30					1,555.96	1,333.30
United States	Dollar				4,220.00				4,220.00
Barry I. Kalinsky:									
Switzerland	Franc	1,160.55	775.00					1,160.55	775.00
United States	Dollar				785.00				785.00
Regina M. Keeney:									
Australia	Dollar	3,111.98	2,718.32					3,111.98	2,718.32
United States	Dollar				1,663.00				1,663.00

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION, FOR TRAVEL FROM OCT. 1 TO DEC. 31, 1988—Continued

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Walter B. McCormick, Jr.:									
Australia	Dollar	1,778.30	1,553.35					1,778.30	1,553.35
United States	Dollar				1,774.73				1,774.73
Bruce L. Need:									
Russia	Dollar		400.00		1,860.00				2,260.00
Patrick H. Windham:									
Japan	Yen	155,000	1,240.00					155,000	1,240.00
New Zealand	Dollar	596.10	374.00	267.08	169.88	336.34	214.16	1,199.52	758.04
United States	Dollar				3,605.00				3,605.00
John D. Windhausen:									
Australia	Dollar	2,457.42	2,137.95	125	108.75	85	73.95	2,667.42	2,320.65
United States	Dollar				1,674.73				1,674.73
Senator Ernest F. Hollings:									
New Zealand	Dollar	363.40	228.00	267.08	169.88	336.34	214.16	966.82	612.04
United States	Dollar				5,378.00				5,378.00
Senator Albert Gore, Jr.:									
England	Pound	114.28	205.00					114.28	205.00
New Zealand	Dollar	363.40	228.00	267.08	169.88	336.34	214.16	966.82	612.04
United States	Dollar				5,001.00				5,001.00
Total			11,192.92		26,579.85		716.43		38,489.20

ERNEST F. HOLLINGS,
Chairman, Committee on Commerce, Science, and Transportation,
Apr. 25, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION, FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1989

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Sherman Joyce:									
French Guiana	Dollar		150.00						150.00
Martin P. Kress:									
French Guiana	Dollar		150.00						150.00
Jerold R. Mande:									
Brazil	Cruzado	921,360	698.00					921,360	698.00
Senator Albert Gore, Jr.:									
Brazil	Cruzado	921,360	698.00					921,360	698.00
Senator Ernest F. Hollings:									
Germany	Deutsche mark	998.05	534.00					998.05	534.00
Italy	Lira	808,500	588.00					808,500	588.00
Turkey	Lira	350,136	175.00					350,136	175.00
Bahrain	Dinar	33.993	90.00					33.993	90.00
Egypt	Pound	716.32	296.00					716.32	296.00
Israel	Dollar		498.00						498.00
Spain	Peseta	23,985	205.00					23,985	205.00
Robert D. Sneed:									
Germany	Deutsche mark	998.05	534.00					998.05	534.00
Italy	Lira	808,500	588.00					808,500	588.00
Turkey	Lira	350,136	175.00					350,136	175.00
Bahrain	Dinar	33.993	90.00					33.993	90.00
Egypt	Pound	716.32	296.00					716.32	296.00
Israel	Dollar		498.00						498.00
Spain	Peseta	23,985	205.00					23,985	205.00
Total			6,468.00						6,468.00

ERNEST F. HOLLINGS,
Chairman, Committee on Commerce, Science, and Transportation,
Apr. 25, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, PL 95-384—22 U.S.C. 1754(b), COMMITTEE ON ENERGY AND NATURAL RESOURCES, FOR TRAVEL FROM OCT. 1 TO DEC. 31, 1988

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Mary L. Wagner:									
France	Franc	6,777.02	1,112.81					6,777.02	1,112.81
Germany	Dollar		146.00		62.00				208.00
United States	Dollar				2,380.00				2,380.00
Leslie G. Black:									
France	Franc	5,441.47	900.07					5,441.47	900.07
Germany	Dollar		112.85		62.00				174.85
Switzerland	Franc	923.75	615.00	29	19.94			952.75	634.94
United States	Dollar				2,541.00				2,541.00
Deborah H. Merrick:									
France	Franc	8,991.47	1,476.43					8,991.47	1,476.43
Germany	Dollar		219.00		62.00				281.00
United States	Dollar				2,468.00				2,468.00

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, PL 95–384—22 U.S.C. 1754(b), COMMITTEE ON ENERGY AND NATURAL RESOURCES, FOR TRAVEL FROM OCT. 1 TO DEC. 31, 1988—Continued

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
William Conway:									
France	Franc	4,381.47	719.45					4,381.47	719.45
Germany	Dollar		199.00		62.00				261.00
United States	Dollar				2,468.00				2,468.00
Marese Curtin:									
France	Franc	8,991.47	1,476.43					8,991.47	1,476.43
Germany	Dollar		219.00		62.00				281.00
United States	Dollar				2,468.00				2,468.00
Carol G. Craft:									
France	Franc	7,408.07	1,216.43					7,408.07	1,216.43
Germany	Dollar		219.00		62.00				281.00
United States	Dollar				2,468.00				2,468.00
Richard D. Grundy:									
France	Franc	7,529.87	1,236.43					7,529.87	1,236.43
Germany	Dollar		219.00		62.00				281.00
United States	Dollar				2,468.00				2,468.00
Cheryl A. Moss:									
France	Franc	8,991.47	1,476.43					8,991.47	1,476.43
Germany	Dollar		219.00		62.00				281.00
United States	Dollar				1,365.00				1,365.00
Gary Reese:									
Korea	Won	523,180	740.00					523,180	740.00
Hong Kong	Dollar	2,639.80	338.00					2,639.80	338.00
Thailand	Baht	5,407	214.00					5,407.00	214.00
Total			13,074.33		19,141.94				32,216.27

J. BENNETT JOHNSTON,
Chairman, Committee on Energy and Natural Resources, Apr. 21, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95–384—22 U.S.C. 1754(b), COMMITTEE ON FINANCE, FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1989

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator John D. Rockefeller IV:									
Taiwan	Dollar	11,188	398.00					11,188	398.00
Japan	Yen	124,236	986.00					124,236	986.00
United States	Dollar				4,609.60				4,609.60
Ira Wolf:									
Taiwan	Dollar	11,188	398.00					11,188	398.00
Japan	Yen	124,236	986.00					124,236	986.00
United States	Dollar				2,644.40				2,644.40
Michael Mabile:									
Switzerland	Franc	1,442.36	906.00					1,442.36	906.00
United States	Dollar				1,773.00				1,773.00
Total			3,671.00		9,027.00				12,701.00

LLOYD BENTSEN,
Chairman, Committee on Finance, Apr. 6, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95–384—22 U.S.C. 1754(b), COMMITTEE ON FOREIGN RELATIONS, FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1989

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Joseph R. Biden:									
Belgium	Franc	28,511	732.00					28,511	732.00
United States	Dollar				3,498.00				3,498.00
Senator Daniel P. Moynihan:									
India	Rupee	4,500	300.00					4,500	300.00
Pakistan	Rupee	4,145	215.00			2,169.50	112.00	6,314.50	327.00
United States	Dollar				5,486.00				5,486.00
Senator Terry Sanford:									
Guatemala	Quetzal	534	198.00					534	198.00
Costa Rica	Peso	13,956	176.00					13,956	176.00
Senator Paul Simon:									
Zambia	Kwacha	4,809.26	488.25					4,809.26	488.25
Malawi	Kwacha	340	133.00					340	133.00
Zimbabwe	Dollar	256.76	131.00					256.76	131.00
Nigeria	Naira	1,161	135.00					1,161	135.00
Gail Coppage:									
Zambia	Kwacha	4,809.26	488.25					4,809.26	488.25
Malawi	Kwacha	340	133.00					340	133.00
Zimbabwe	Dollar	256.76	131.00					256.76	131.00
Nigeria	Naira	1,161	135.00					1,161	135.00
William L. Green:									
Guatemala	Quetzal	534	198.00					534	198.00
Costa Rica	Peso	13,956	176.00					13,956	176.00

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), COMMITTEE ON FOREIGN RELATIONS, FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1989—Continued

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Evelyn Lieberman:									
Belgium	Franc	28,511	732.00					28,511	732.00
United States	Dollar				2,014.00				2,014.00
Janice O'Connell:									
El Salvador	Colon	1,155	231.00					1,155	231.00
Mexico	Peso	948,192	408.00					948,192	408.00
United States	Dollar				871.00				871.00
Lenora Odeku:									
Zambia	Kwacha	4,809.26	488.25					4,809.26	488.25
Malawi	Kwacha	340	133.00					340	133.00
Zimbabwe	Dollar	256.76	131.00					256.76	131.00
Nigeria	Naira	1,161	135.00					1,161	135.00
John B. Ritch:									
Belgium	Franc	28,511	732.00					28,511	732.00
United States	Dollar				2,014.00				2,014.00
Barry Sklar:									
Guatemala	Quetzal	534	198.00					534	198.00
Costa Rica	Peso	13,956	176.00					13,956	176.00
Nancy Stetson:									
Zambia	Kwacha	4,809.26	488.25					4,809.26	488.25
Malawi	Kwacha	340	133.00					340	133.00
Zimbabwe	Dollar	231.68	118.00					231.68	118.00
Nigeria	Naira	1,161	135.00					1,161	135.00
Ted Zukoski:									
India	Rupee	4,500	300.00					4,500	300.00
Pakistan	Rupee	4,145	215.00			2,169.50	112.00	6,314.50	327.00
United States	Dollar				3,471.00				3,471.00
Peter Galbraith:									
Pakistan	Rupee	4,145	215.00			1,446	75.00	5,591	290.00
India	Rupee	7,500	500.00					7,500	500.00
United States	Dollar				5,562.00				5,562.00
Total			9,238.00		22,916.00		299.00		32,453.00

CLAIBORNE PELL,
Chairman, Committee on Foreign Relations, Apr. 18, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), COMMITTEE ON LABOR AND HUMAN RESOURCES, FOR TRAVEL FROM JAN. 1 to MAR. 31, 1989

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Sarah A. Flanagan:									
Micronesia	Dollar		200.00						200.00
Marshall Islands	Dollar		200.00						200.00
Robert S. Lockwood:									
Bangladesh	Dollar				2,952.39				2,952.39
Total			400.00		2,952.39				3,352.39

EDWARD M. KENNEDY,
Chairman, Committee on Labor and Human Resources, Apr. 5, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), SELECT COMMITTEE ON INTELLIGENCE, FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1989

Name	Per diem		Transportation		Miscellaneous		Total	
	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Charles Battaglia		2,090.75		1,021.00				3,111.75
Senator Arlen Specter		1,788.32		2,042.00				3,830.32
John Despres		143.00		423.00				566.00
Senator Bill Bradley		168.00		423.00				591.00
Christopher Straub		89.65						89.65
Marvin Ott		104.00						104.00
Regina Genton		94.00						94.00
John Nelson		1,532.00		3,811.00				5,343.00
Gerald Montoya		1,532.00		3,811.00				5,343.00
Gregorio Cater		1,532.00		3,811.00				5,343.00
Total		9,073.72		15,342.00				24,415.72

DAVID L. BOREN,
Chairman, Select Committee on Intelligence, Mar. 31, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95–384—22 U.S.C. 1754(b), COMMITTEE ON THE JUDICIARY, FOR TRAVEL FROM OCT. 1 TO DEC. 31, 1988

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Charles E. Grassley:									
Denmark	Dollar		406.00		48.00		144.00		598.00
Soviet Union	Dollar		1,000.00						1,000.00
Mary Hawkins:									
Denmark	Dollar		406.00		48.00		144.00		598.00
Soviet Union	Dollar		1,000.00						1,000.00
United States	Dollar				2,211.00				2,211.00
Robert J. Ludwiczak:									
Denmark	Dollar		406.00		48.00		144.00		598.00
Soviet Union	Dollar		1,000.00						1,000.00
United States	Dollar				2,211.00				2,211.00
Melissa B. Patack:									
Denmark	Dollar		406.00		48.00		144.00		598.00
Soviet Union	Dollar		1,000.00						1,000.00
United States	Dollar				2,211.00				2,211.00
Cecilia Swenson:									
Denmark	Dollar		406.00		48.00		144.00		598.00
Soviet Union	Dollar		1,000.00						1,000.00
United States	Dollar				2,211.00				2,211.00
Tara McMahon:									
Switzerland	Franc	220	155.00					220	155.00
Richard Day:									
England	Pound	114.79	150.00					114.79	150.00
Sudan	Dollar		200.00						200.00
Kenya	Shilling	5,631	309.00					5,631	309.00
Switzerland	Franc	469.45	320.00					469.45	320.00
United States	Dollar				5,459.00				5,459.00
David J. Harmer:									
Switzerland	Franc	220	155.00					220	155.00
Jerry Tinker:									
England	Pound	114.79	150.00					114.79	150.00
Sudan	Dollar		200.00						200.00
Kenya	Shilling	5,631	309.00					5,631	309.00
Switzerland	Franc	469.45	320.00					469.45	320.00
United States	Dollar				5,459.00				5,459.00
Total			9,298.00		20,002.00		720.00		30,020.00

JOE BIDEN,
Chairman, Committee on the Judiciary, Apr. 28, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95–384—22 U.S.C. 1754(b), JOINT ECONOMIC COMMITTEE, FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1989

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Stephen Quick:									
United States	Dollar				2,137.00				2,137.00
Netherlands	Guilder	1,416.91	672.00					1,416.91	672.00
Total			672.00		2,137.00				2,809.00

LEE H. HAMILTON,
Chairman, Joint Economic Committee, Apr. 13, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22. P.L. 95–384—22 U.S.C. 1754(b), COMMISSION ON SECURITY AND COOPERATION IN EUROPE, FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1989

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Jane S. Fisher:									
Austria	Schilling	12,524.40	994.00					12,524.40	994.00
United States	Dollar				2,367.30				2,367.30
Total			994.00		2,367.30				3,361.30

DENNIS DeCONCINI,
Chairman, Commission on Security and Cooperation in Europe,
Apr. 18, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), FOR TRAVEL AUTHORIZED BY THE REPUBLICAN LEADER, NOV. 11-23, 1988

Name and Country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Robert J. Dole:									
Philippines	Peso	2,280.65	106.95					2,280.65	106.95
Thailand	Baht	11,855	471.00					11,855	471.00
Singapore	Dollar	458.08	233.00					458.08	233.00
Indonesia	Rupiah	583,611	340.50					583,611	340.50
Senator James A. McClure:									
Philippines	Peso	5,715.10	268.00					5,715.10	268.00
Thailand	Baht	11,855	471.00					11,855	471.00
Singapore	Dollar	566.21	288.00					566.21	288.00
Indonesia	Rupiah	795,290	464.00					795,290	464.00
Senator Frank H. Murkowski:									
Philippines	Peso	5,715.10	268.00					5,715.10	268.00
Thailand	Baht	11,855	471.00					11,855	471.00
Singapore	Dollar	566.21	288.00					566.21	288.00
Indonesia	Rupiah	795,290	464.00					795,290	464.00
Senator Arlen Specter:									
Philippines	Peso	5,715.10	268.00					5,715.10	268.00
Thailand	Baht	11,855	471.00					11,855	471.00
Singapore	Dollar	566.21	288.00					566.21	288.00
Indonesia	Rupiah	795,290	464.00					795,290	464.00
Jo-Anne L. Coe:									
Philippines	Peso	5,715.10	268.00					5,715.10	268.00
Thailand	Baht	11,855	471.00					11,855	471.00
Singapore	Dollar	566.21	288.00					566.21	288.00
Indonesia	Rupiah	795,290	464.00					795,290	464.00
Al Lehn:									
Philippines	Peso	5,715.10	268.00					5,715.10	268.00
Thailand	Baht	11,855	471.00					11,855	471.00
Singapore	Dollar	566.21	288.00					566.21	288.00
Indonesia	Rupiah	795,290	464.00					795,290	464.00
Christina Bolton:									
Philippines	Peso	5,715.10	268.00					5,715.10	268.00
Thailand	Baht	11,855	471.00					11,855	471.00
Singapore	Dollar	566.21	288.00					566.21	288.00
Indonesia	Rupiah	795,290	464.00					795,290	464.00
Walt Riker:									
Philippines	Peso	5,715.10	268.00					5,715.10	268.00
Thailand	Baht	11,855	471.00					11,855	471.00
Singapore	Dollar	566.21	288.00					566.21	288.00
Indonesia	Rupiah	795,290	464.00					795,290	464.00
Jan Paulk:									
Philippines	Peso	5,715.10	268.00					5,715.10	268.00
Thailand	Baht	11,855	471.00					11,855	471.00
Singapore	Dollar	566.21	288.00					566.21	288.00
Indonesia	Rupiah	795,290	464.00					795,290	464.00
Alan Porter:									
Philippines	Peso	5,715.10	268.00					5,715.10	268.00
Thailand	Baht	11,855	471.00					11,855	471.00
Singapore	Dollar	566.21	288.00					566.21	288.00
Indonesia	Rupiah	795,290	464.00					795,290	464.00
Marcie Adler:									
Philippines	Peso	5,715.10	268.00					5,715.10	268.00
Thailand	Baht	11,855	471.00					11,855	471.00
Singapore	Dollar	566.21	288.00					566.21	288.00
Indonesia	Rupiah	795,290	464.00					795,290	464.00
Mike Glassner:									
Philippines	Peso	5,715.10	268.00					5,715.10	268.00
Thailand	Baht	11,855	471.00					11,855	471.00
Singapore	Dollar	566.21	288.00					566.21	288.00
Indonesia	Rupiah	795,290	464.00					795,290	464.00
Jon Lynn Kerchner:									
Philippines	Peso	5,715.10	268.00					5,715.10	268.00
Thailand	Baht	11,855	471.00					11,855	471.00
Singapore	Dollar	566.21	288.00					566.21	288.00
Indonesia	Rupiah	795,290	464.00					795,290	464.00
Delegation expenses: [1]									
Philippines							3,860.02		3,860.02
Thailand							6,690.18		6,690.18
Singapore							7,179.36		7,179.36
Indonesia							5,719.29		5,719.29
Total			19,043.45				23,448.85		42,492.30

[1] Delegation expenses include direct payments and reimbursements to the State Department and the Defense Department under authority of sec. 502(b) of the Mutual Security Act of 1954, as amended by sec. 22 of P.L. 95-384, and S. Res. 179, agreed to May 25, 1977.

ROBERT J. DOLE,
Republican Leader, Apr. 28, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), FOR TRAVEL AUTHORIZED BY THE PRESIDENT PRO TEMPORE, JULY 1 TO SEPT. 30, 1988

Name and Country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Christopher S. Bond:									
England	Dollar		1,235.00						1,235.00
Senator Jake Garn:									
England	Dollar		1,190.00						1,190.00
Senator Howell T. Heflin:									
England	Dollar		1,189.90						1,189.90
Senator John W. Warner:									
England	Dollar		1,025.00						1,025.00

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), FOR TRAVEL AUTHORIZED BY THE PRESIDENT PRO TEMPORE, JULY 1 TO SEPT. 30, 1988—Continued

Name and Country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Barbara Andrews:									
England	Dollar		1,235.00						1,235.00
Greg Chapados:									
England	Dollar		988.00		317.00				1,305.00
Frank Sullivan:									
England	Dollar		1,235.00						1,235.00
Keith Kennedy:									
England	Dollar		1,235.00						1,235.00
Richard Collins:									
England	Dollar		1,235.00						1,235.00
Sean O'Keefe:									
England	Dollar		1,235.00						1,235.00
Howard O. Greene:									
England	Dollar		1,235.00						1,235.00
Jerry Ray:									
England	Dollar		1,235.00						1,235.00
Kathie Bridenbaugh:									
England	Dollar		1,950.00		641.00				2,591.00
Penelope S. German:									
England	Dollar		1,950.00		2,633.00				4,583.00
James D. Bond:									
England	Dollar		1,000.00		1,311.50				2,311.50
Robert S. Lockwood:									
England	Dollar		1,250.00		740.00				1,990.00
Delegation expenses [1]									
England							13,082.22		13,082.22
Total			20,422.90		5,642.50				39,147.62

[1] Delegation expenses include direct payments and reimbursements to the State Department under authority of sec. 502(b) of the Mutual Security Act of 1954, as amended by sec. 22 of P.L. 95-384.

JOHN C. STENNIS,
President Pro Tempore, Apr. 14, 1989.

CONSOLIDATED REPORT OF EXPENDITURES OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384—U.S.C. 1754(b), FOR TRAVEL AUTHORIZED BY THE PRESIDENT PRO TEMPORE, JAN. 1 TO MAR. 31, 1989

Name and Country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Steve Humphreys:									
Cuba	Dollar		410.00						410.00
United States	Dollar				547.00				547.00
Ellen McCulloch-Lovell:									
Israel	Shekel	1,145	640.00					1,145	640.00
Egypt	Pound	1,044.68	444.00					1,044.68	444.00
Total			1,494.00		547.00				2,041.00

ROBERT C. BYRD,
President Pro Tempore, Apr. 24, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), FOR TRAVEL AUTHORIZED BY THE REPUBLICAN LEADER, JAN. 1 TO MAR. 31, 1989

Name and Country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Carl B. Feldbaum:									
Hungary	Forint	22,574	332.00					22,574	332.00
Syria	Dollar		332.00						332.00
Iraq	Dinar	61.46	198.28					61.46	198.28
Egypt	Pound	182.46	77.31					182.46	77.31
Israel	Dollar		528.00						528.00
United States	Dollar				4,107.00				4,107.00
Jordan	Dinar	49.095	91.00					49.095	91.00
Austria	Schilling	2,482.56	192.00					2,482.56	192.00
Senator Alan K. Simpson:									
Australia	Dollar	2,740.54	2,239.00					2,740.54	2,239.00
United States	Dollar				7,416.00				7,416.00
Donald L. Hardy:									
Australia	Dollar	2,740.54	2,239.00					2,740.54	2,239.00
United States	Dollar				4,686.00				4,686.00
Senator Frank H. Murkowski:									
Japan	Yen	167,282	1,290.17	126,475	965.46			293,757	2,255.63
United States	Dollar				3,341.29				3,341.29
Total			7,518.76		20,515.75				28,034.51

ROBERT J. DOLE,
Republican Leader, May 4, 1989.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), FOR TRAVEL AUTHORIZED BY THE MAJORITY LEADER, JAN. 1 TO MAR. 31, 1989

Name and Country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Sally Walsh:									
Paraguay	Guarani	384,375	375.00					384,375	375.00
Argentina	Austral	2,912.78	177.50					2,912.78	177.00
Chile	Peso	39,476	139.00					39,476	139.00
Brazil	Cruzado	1,593,960	1,252.00					1,593,960	1,252.00
Robert Dockery:									
El Salvador	Colon	1,155	231.00					1,155	231.00
Mexico	Peso	948,192	408.00					948,192	408.00
United States	Dollar				871.00				871.00
Yvonne Hopkins:									
England	Pound	394.17	678.00					394.17	678.00
Belgium	Franc	14,329	366.00					14,329	366.00
Italy	Lire	863,100	630.00					863,100	630.00
Switzerland	Franc	324.66	201.00					324.66	201.00
France	Franc	2,755.90	434.00					2,755.90	434.00
Senator Alan Cranston:									
Japan	Yen	137,282	1,052.07	126,475	965.46			263,757	2,017.53
United States	Dollar				3,341.29				3,341.29
Total			5,943.57		5,177.75				11,121.32

GEORGE J. MITCHELL,
Majority Leader, May 2, 1989

HOST OF THE 1993 SUMMER WORLD UNIVERSITY GAMES

● Mr. MOYNIHAN. Mr. President, I thought the Senate should know that we received word last Friday afternoon that the city of Buffalo was selected by the International University Sports Federation to host its World University Games in the summer of 1993. The Senate added its support to Buffalo's application earlier this month when we agreed to Senate Concurrent Resolution 31, and now we should all be pleased that the World University Games will be coming to this country for the first time 4 years hence.

The World University Games are no small event. They will bring some 7,000 athletes from over 100 countries. over 100,000 spectators will attend competitions in 10 sports, and the events will be televised worldwide. Bringing the games to Buffalo is no small accomplishment, either. Eighteen months of hard work by Mr. Burt Flickenger, chairman of the local organizing committee, Erie County Executive Dennis Gorski, and the other committee members went into Buffalo's selection over Shanghai, China, and Fukuoka, Japan. They deserve our congratulations.

The work of preparing for the games now being in earnest. The preparations will include contacts with many Federal agencies on such matters as security, immigration, customs and trade issues, cultural festival promotion, and many more. I will glady work with the agencies to ensure that they cooperate in making the games a success. Should any of these matters come to the Senate for consideration, I trust my colleagues will choose to support Buffalo in every way possible.

There is also precedent for Federal financial support for events of this type, and when the time comes I will press the Senate to provide the appropriate assistance to the 1993 games. The 1987 Pan Am Games received $3 million for some of its activities. The Pan Am Games also received some $25 million in security-related support from the Department of Defense. The Senate should provide similar support for these games at the level necessary to ensure a safe and secure competition.

I also encourage Buffalo and the organizing committee to avail themselves of the existing Federal programs appropriate to their needs. I will certainly add my support, for this is a major event for Buffalo and the United States. It is an opportunity to provide the world's top college athletes a venue for spirited competition before millions of spectators. We should do our part to ensure the games' success.●

CONGRESSIONAL CALL TO CONSCIENCE

● Mr. BIDEN. Mr. President, I would like to take a few moments to mark the case of Boris Chernobilsky, a Soviet refusenik and former Prisoner of Conscience.

Last week my office received word that Mr. Chernobilsky and his family have been given permission by Soviet authorities to emigrate to Israel.

As Yogi Berra once said, I have a feeling of deja vu all over again. Because Mr. Chernobilsky has received this information twice before, and yet he and his family remain stuck in the Soviet Union. I am hopeful, but still skeptical, that this time the news of his emigration is for real.

Boris Chernobilsky could serve as a case study on the refusenik issue. For over 12 years, Chernobilsky, who is a radio electronics engineer from Moscow, has sought to emigrate to Israel with his wife and children. During this period, he suffered greatly at the hands of Soviet authorities. Over the years, he was fired from his job, served a prison sentence in a labor camp on a trumped-up charge, and was repeatedly harassed by agents of the KGB for his activities on behalf of other refuseniks.

Each of the last 2 years, the Soviet authorities have given their word that Boris Chernobilsky and his family could leave the Soviet Union. In 1987, the Soviet Embassy in Washington even took the trouble to write me a letter to give me the news. Unfortunately, Chernobilsky never received his exist visa, and remains stuck in Moscow.

I remain cautiously optimistic about the fate of Mr. Chernobilsky and his family, and I will not rest until I learn that they have arrived safely in Israel.

As we mark the joyous news of Boris Chernobilsky's release, let us also pause to remember the thousands of Soviet citizens for whom emigration remains but a dream. While the current rate of emigration in the Soviet Union is highly encouraging, it is by no means certain that it will be sustained. And long promised changes of that country's emigration laws have yet to be realized. Americans will be watching closely for these changes, in the hope that they will soon be forthcoming.●

EXECUTIVE SESSION

NOMINATION OF C. HOWARD WILKINS, JR., TO BE AMBASSADOR TO THE NETHERLANDS

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nomination of C. Howard Wilkins to be Ambassador to the Netherlands reported earlier today by the Foreign Relations Committee; that the nomination be confirmed; that the motion to reconsider be tabled; that the President be immediately notified of the Senate's action; and that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nomination considered and confirmed is as follows:

C. Howard Wilkins, Jr., of Kansas, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of the Netherlands.

STATEMENT ON NOMINATION OF C. HOWARD WILKINS, JR., TO BE AMBASSADOR TO THE NETHERLANDS

Mr. DOLE. Mr. President, I am very pleased to have the chance to urge unanimous Senate approval of the nomination of Howard Wilkins as Ambassador to the Netherlands.

Howard is an outstanding Kansan—A native, and resident still, of Wichita.

He is the first Kansan that I personally know of who has been nominated to an ambassadorial post. And I hope he will be only the first of several in this administration.

Howard Wilkins' record of personal accomplishment is impressive: he is an extraordinarily successful businessman, active in politics and civic affairs, and a devoted father of five fine children, He is also a good friend, for more than 20 years standing.

As Ambassador in The Hague, Howard will be in the "thick of the action" on issues like U.S.-NATO relations in the Gorbachev era, and U.S.-EEC trade ties as 1992 approaches. In particular, as a Senator representing one of our great agricultural States, I look forward to having "one of our own" as we grapple with the agricultural issues that are so central to our trade problems with Western Europe.

Howard Wilkins is up to the big challenges that he faces. That's why the President has nominated him; why the committee has voted unanimously for his nomination; and why I can so confidently urge all Senators to join in giving him an affirmative vote.

In closing, I want to express my personal thanks, again, to the Chairman of the Committee, Senator PELL, and our Republican ranking member, Senator HELMS, for moving this nomination expeditiously. We were faced with a tight deadline, to get Howard to post, so that he could present his credentials and be ready for the President's planned visit to the Netherlands; and thanks to the great help of Senators PELL and HELMS, we will meet the deadline.

Mr. President, I also wish to thank the majority leader and my colleague on that committee, Senator KASSEBAUM, and Senator SARBANES who had some questions but they were resolved this afternoon in a discussion with Senator KASSEBAUM in the committee.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now resume legislative session.

REMOVAL OF INJUNCTION OF SECRECY—TREATY DOCUMENT NO. 101-4

Mr. MITCHELL. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Treaty Document No. 101-4), transmitted to the Senate yesterday, June 19, 1989, by the President.

I also ask that the treaty be considered as having been read the first time; that it be referred, with accompanying papers, to the Committee on Foreign Relations and ordered to be printed; and that the President's message be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The message of the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, done at Vienna on December 20, 1988. I also transmit, for the information of the Senate, the report of the Department of State with respect to the Convention.

The production, trafficking, and consumption of illicit narcotics have become a worldwide menace of unprecedented proportions. Narcotics trafficking and abuse threaten the developing and industrialized nations alike, eroding fragile economies, endangering democratic institutions, and affecting the health and well-being of people everywhere. The profits made from the international drug trade are consolidated in the hands of powerful drug lords who operate with impunity outside the law. The widespread corruption, violence, and human destruction associated with the drug problem imperil all nations and can only be suppressed if all nations cooperate effectively in bringing to justice those who engage in illicit trafficking and abuse.

Patterned after many existing U.S. laws and procedures, the present Convention represents a significant step forward in international efforts to control the illicit traffic in narcotic drugs and psychotropic substances. The Convention obligates states party to the agreement to cooperate in suppressing illicit traffic and to take specific law enforcement measures and enact domestic laws, including those relating to money laundering, confiscation of assets, extradition, mutual legal assistance, and trade in chemicals, materials, and equipment used in the illegal manufacture of controlled substances. These and other provisions seek to establish a comprehensive set of laws and guidelines for a concerted and more effective effort on an international basis to combat illicit trafficking.

Having taken 4 years to complete, working the Convention began in 1984 under United Nations auspices, and it was adopted at an international conference held in Vienna in November and December 1988. The United States and 43 other nations signed the Convention at that time, and 16 others have signed since then. The Vienna Convention is a tribute to the United Nations and represents the broadest and most far-reaching set of laws and agreements ever adopted in this field. It is strongly indicative of the political will of the states that adopted it and puts those who profit from this evil trade on notice that it will no longer be tolerated. It is clear the Convention has enthusiastic support in the international community, and it is expected that all states will unreservedly endorse this major step to unify and internationalize the fight against drugs and to generate universal action.

I recommend, therefore, that the Senate give early and favorable consideration to this Convention and give its advice and consent to ratification.

GEORGE BUSH.

THE WHITE HOUSE, *June 19, 1989.*

THE CALENDAR

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar Order Nos. 128 and 129 en bloc; that the resolutions be deemed agreed to en bloc and that a motion to reconsider the vote by which the resolutions were agreed to en bloc be in order and be laid upon the table. I further ask unanimous consent that the consideration of these items appear individually in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZING THE DISCHARGE OF CERTAIN FUNCTIONS BY THE SECRETARY OF THE SENATE

The resolution (S. Res. 147) to authorize the Secretary of the Senate to discharge certain functions under chapter 37 of title 31, United States Code (relating to claims of or against the United States Government), was considered, and agreed to; as follows:

S. RES. 147

Resolved, That, for purposes of subchapter I and II of chapter 37 of title 31, United States Code (relating to claims of or against the United States Government), the United States Senate shall be considered to be a legislative agency (as defined in section 3701(a)(4) of such title), and the Secretary of the Senate shall be deemed to be the head of such legislative agency.

SEC. 2. Regulations prescribed by the Secretary pursuant to section 3716 of title 31, United States Code, shall not become effective until they are approved by the Senate Committee on Rules and Administration.

PURCHASE OF CALENDARS

The resolution (S. Res. 148) relating to the purchase of calendars, was considered, and agreed to, as follows:

S. RES. 148

Resolved, That the Committee on Rules and Administration is authorized to expend from the contingent fund of the Senate, upon vouchers approved by the chairman of that committee, not to exceed $72,800 for the purchase of one hundred and four thousand 1990 "We the People" historical calendars. The calendars shall be distributed as prescribed by the committee.

ORDER OF PROCEDURE

Mr. MITCHELL. Mr. President, for the information of Senators, I now have before me a copy of the amendment intended to be proposed by Senator DOLE to the amendment which I previously proposed and which is now pending. I understand that Senator DOLE will address this briefly and that this will be placed in the RECORD for printing. Senators will then have the opportunity to review it tomorrow morning with it being printed in the RECORD.

It is our intention, following discussions throughout the day, that tomorrow morning when we return to the bill, I will propound a unanimous-consent request seeking to establish the process by which the Dole amendment will be considered, following which my amendment will be considered, to include specific items for disposition of those amendments. I now expect the votes on those, if we proceed with the agreement to propound it as now we are considering, to occur on Thursday morning.

Senators should be aware that it is my intention that the Senate will remain in session until we have completed action on the child care bill. I recognize that a recess is to commence at the close of business on Friday and, therefore, it is my hope that we will be able to complete action by that time. But, if not, then we will remain in session for as long and until such time as we do complete action on it. So Senators should be aware of that. It is not my intention to inconvenience any Senators, but this is a very important matter.

There will be pending before the Senate two proposals to deal with it. Following action on the two amendments, the matter will be open, in whatever form it then stands, to further amendment and there may be several amendments offered. So it is very likely, indeed, I think the minority leader would concur that it is almost certain that there will be a lengthy session on Thursday, with a possibility of a very lengthy session on Friday, as well.

In addition, we expect to receive from the House the conference report on the supplemental appropriations bill, possibly sometime late tomorrow. If not, at the latest on Thursday. And we must address ourselves to that important issue.

So we hope that the work we have been doing today in attempting to set forth a process for disposing of this matter will ultimately save time and enable us to reach a final decision on this matter, in a manner that is finally decided on by the Senate. But members should be aware that we are going to have, very clearly, a long session on Thursday, going very late into the evening, and a possibility of a similar session on Friday. And, if we have not by that time concluded action on this matter, we are going to stay here as long as it takes to do so.

This is a very important matter and I believe it is our obligation to complete action on it.

Mr. President, I yield, now, to the distinguished Republican leader.

PROPOSED AMENDMENT

Mr. DOLE. Mr. President, I send to the desk an amendment that I will propose tomorrow morning in the event the agreement is reached. I ask it be printed in the RECORD so all Senators may have notice of the amendment.

The PRESIDING OFFICER. Without objection, the amendment will be received and printed in the RECORD.

The amendment is as follows:

Beginning on page 1, line 3, strike all through page 96, line 25.

Beginning on page 97, after line 4, strike all through page 112, line 6.

On page 158, after line 11, insert the following:

TITLE II—EARNED INCOME CREDIT

SEC. 201. INCREASE IN EARNED INCOME CREDIT.

(a) IN GENERAL.—Subsections (a) and (b) of section 32 of the Internal Revenue Code of 1986 are amended to read as follows:

"(a) ALLOWANCE OF CREDIT.—There is allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the sum of the following amounts:

"(1) GENERAL CREDIT.—In the case of an eligible individual, an amount equal to 14 percent of so much of the earned income for the taxable year as does not exceed $5,714.

"(2) SUPPLEMENT FOR YOUNG CHILDREN.—

"(A) IN GENERAL.—In the case of an eligible individual with 1 or more qualifying children, an amount equal to the lesser of—

"(i) the applicable percentage of so much of the earned income for the taxable year as does not exceed $5,714, or

"(ii) $750 ($500 for an eligible individual with only 1 qualifying child).

"(B) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means 12 percent (8 percent for an eligible individual with only 1 qualifying child).

"(b) LIMITATIONS.—

"(1) GENERAL CREDIT.—The amount of the credit allowable to a taxpayer under subsection (a)(1) for any taxable year shall be reduced (but not below zero) by 10 percent of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds $9,000.

"(2) SUPPLEMENT FOR YOUNG CHILDREN.—The amount of the credit allowable to a taxpayer under subsection (a)(2) for any taxable year shall be reduced (but not below zero) by 15 percent (10 percent for an eligible individual with only 1 qualifying child) of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds $10,000."

(b) QUALIFYING CHILD DEFINED.—Subsection (c) of section 32 of the Internal Revenue Code of 1986 is amended by adding at the end thereof the following new paragraph:

"(3) QUALIFYING CHILD.—The term 'qualifying child' means, for the taxable year, an individual—

"(A) with respect to whom the taxpayer qualifies as an eligible individual, and

"(B) who, as of the end of such taxable year, has not attained the age of 5."

(c) CONFORMING AMENDMENTS.—

(1) Subsection (f)(1) of section 32 of the Internal Revenue Code of 1986 is amended by inserting "(including separate tables for individuals with qualifying children)" after "Secretary".

(2) Subsection (i) of section 32 of such Code is amended—

(1) by inserting "('calendar year 1990' for 'calendar year 1987' in the case of the dollar amount referred to in clause (iii) of paragraph (2)(B))" before the period at the end of paragraph (1)(B), and

(2) by striking paragraph (2) and inserting the following new paragraph:

"(2) DEFINITIONS, ETC.—For purposes of paragraph (1)—

"(A) APPLICABLE CALENDAR YEAR.—The term 'applicable calendar year' means—

"(i) 1986 in the case of the dollar amount referred to in clause (i) of subparagraph (B),

"(ii) 1987 in the case of the dollar amount referred to in clause (ii) of subparagraph (B), and

"(iii) 1991 in the case of the dollar amount referred to in clause (iii) of subparagraph (B).

"(B) DOLLAR AMOUNTS.—The dollar amounts referred to in the subparagraph are—

"(i) the $5,714 amount contained in paragraphs (1) and (2) (A)(i) of subsection (a),

"(ii) the $9,000 amount contained in subsection (b)(1), and

"(iii) the $10,000 amount contained in subsection (b)(2)."

(3) Subsection (b) of section 3507 of such Code is amended by striking "and" at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ", and", and by inserting after paragraph (3) the following new paragraph:

"(4) states the number of qualifying children (as defined in section 32(c)(3)) of the employee for the taxable year.".

(4) Paragraph (1) of section 3507(c) of such Code is amended—

(A) by striking "and" at the end of subparagraph (A),

(B) by redesignating subparagraph (B) as subparagraph (C), and

(C) by inserting after subparagraph (A) the following new subparagraph:

"(B) on the basis of the number of qualifying children (as defined in section 32(c)(3)) of the employee for such period, and".

(5) Paragraph (2) of section 3507(c) of such Code is amended—

(A) by striking "paragraph (1)(B)" and inserting "paragraph (1)(C)", and

(B) by striking "14 percent" in subparagraphs (B)(i) and (C)(i) and inserting "the sum of 14 percent and the applicable percentage".

(6) Section 3507 of such Code is amended by adding at the end thereof the following new subsection:

"(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1990.

TITLE III—DEPENDENT CARE CREDIT

SEC. 301. DEPENDENT CARE CREDIT MADE REFUNDABLE; OTHER CHANGES.

(a) CREDIT MADE REFUNDABLE.—Section 21 of the Internal Revenue Code of 1986 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) CREDIT REFUNDABLE FOR LOW AND MODERATE INCOME TAXPAYERS.—

"(1) IN GENERAL.—For purposes of this subtitle and section 6401, in the case of an applicable taxpayer, the credit allowable under subsection (a) for any taxable year shall be treated as a credit allowable under subpart C of this part.

"(2) APPLICABLE TAXPAYER.—For purposes of this subsection, the term 'applicable taxpayer' means a taxpayer whose adjusted gross income for the taxable year does not exceed $28,000.

"(3) COORDINATION WITH ADVANCE PAYMENTS AND MINIMUM TAX.—Rules similar to the rules of subsections (g) and (h) of section 32 shall apply with respect to the portion of any credit to which this subsection applies."

(b) ADVANCE PAYMENT OF CREDIT.—

(1) IN GENERAL.—Chapter 25 of the Internal Revenue Code of 1986 is amended by inserting after section 3507 the following new section:

"SEC. 3507A. ADVANCE PAYMENT OF DEPENDENT CARE CREDIT.

"(a) GENERAL RULE.—Except as otherwise provided in this section, every employer making payment of wages with respect to whom a dependent care eligibility certificate is in effect shall, at the time of paying such wages, make an additional payment equal to such employee's dependent care advance amount.

"(b) DEPENDENT CARE ELIGIBILITY CERTIFICATE.—For purposes of this title, a dependent care eligibility certificate is a statement furnished by an employee to the employer which—

"(1) certifies that the employee will be eligible to receive the credit provided by section 21 for the taxable year,

"(2) certifies that the employee reasonably expects to be an applicable taxpayer (within the meaning of section 21(f)(2)) for the taxable year,

"(3) certifies that the employee does not have a dependent care eligibility certificate in effect for the calendar year with respect to the payment of wages by another employer,

"(4) states whether or not the employee's spouse has a dependent care eligibility certificate in effect,

"(5) states the number of qualifying individuals (as defined in section 21(b)(1)) in the household maintained by the employee, and

"(6) estimates the amount of employment-related expenses (as defined in section 21(b)(2)) for the calendar year.

For purposes of this section, a certificate shall be treated as being in effect with respect to a spouse if such a certificate will be in effect on the first status determination date following the date on which the employee furnishes the statement in question.

"(c) DEPENDENT CARE ADVANCE AMOUNT.—

"(1) IN GENERAL.—For purposes of this title, the term 'dependent care advance amount' means, with respect to any payroll period, the amount determined—

"(A) on the basis of the employee's wages from the employer for such period,

"(B) on the basis of the number of qualifying individuals (as defined in section 21(b)(1)) in the household maintained by the employee,

"(C) on the basis of the employee's estimated employment-related expenses included in the dependent care eligibility certificate, and

"(D) in accordance with tables provided by the Secretary.

"(2) ADVANCE AMOUNT TABLES.—The tables referred to in paragraph (1)(D) shall be similar in form to the tables prescribed under section 3402 and, to the maximum extent feasible, shall be coordinated with such tables and the tables prescribed under section 3507(c).

"(d) OTHER RULES.—For purposes of this section, rules similar to the rules of subsections (d) and (e) of section 3507 shall apply.

"(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section."

(2) CONFORMING AMENDMENT.—The table of sections for chapter 25 of such Code is amended by adding after the item relating to section 3507 the following new item:

"Sec. 3507A. Advance payment of dependent care credit."

(c) CERTAIN SUBSIDIZED EXPENSES NOT ELIGIBLE FOR CREDIT.—Section 21(e) of the Internal Revenue Code of 1986 is amended by adding at the end there the following new paragraph:

"(10) SUBSIDIZED EXPENSES.—No expense shall be treated as an employment-related expense to the extent such expense—

"(A) is paid, reimbursed, or subsidized (whether by being disregarded for purposes of another program or otherwise) by the Federal Government, a State or local government, or any agency or instrumentality thereof, and

"(B) is not includible in the gross income of the recipient."

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 1989.

(2) ADVANCE PAYMENT OF CREDIT.—The amendments made by subsection (b) shall apply to taxable years beginning after December 31, 1991.

(3) ONLY PORTION OF CREDIT REFUNDABLE IN 1990.—In the case of any taxpayer to whom section 21(f) of the Internal Revenue Code of 1986 (as added by subsection (a)) applies for any taxable year beginning in 1990—

(A) 50 percent of the amount of the credit allowable under section 21(a) of such Code for such taxable year shall be treated as a credit allowable under subpart C of part IV of subchapter A of chapter 1 of such Code, and

(B) the remaining 50 percent of the amount of such credit shall be treated as a credit allowable under section 21 of such Code.

SEC. 302. STUDY OF ADVANCE PAYMENTS.

(a) IN GENERAL.—The Comptroller General of the United States shall, in consultation with the Secretary of the Treasury, conduct a study of advance payments required by section 3507A of the Internal Revenue Code of 1986 (as added by section 201(b)(1)) to determine—

(1) the effectiveness of the advance payment system, and

(2) the manner in which such system can be implemented to alleviate administrative complexity, if any, for small business.

(c) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller shall report the results of the study conducted under subsection (a), together with any recommendations, to the Committee on Finance of the United States Senate and the Committee on Ways and Means of the House of Representatives.

SEC. 303. PROGRAM TO INCREASE PUBLIC AWARENESS.

Not later than the first day of the first calendar year following the date of the enactment of this Act, the Secretary of the Treasury and the Secretary of Labor, or the delegates of the Secretaries, shall establish a taxpayer awareness program to inform the taxpaying public of the availability of the credit for dependent care and the earned income tax credit allowed under sections 21 and 32 of the Internal Revenue Code of 1986, respectively. Such public awareness program shall be designed to assure that individuals who may be eligible are informed of the availability of such credits and filing procedures. The Secretary shall use public service and paid commercial advertising, direct-mail contact, and any other appropriate means of communication to carry out the provisions of this section.

TITLE IV—BLOCK GRANT TO STATES FOR CHILD CARE SERVICES

SEC. 401. ESTABLISHMENT OF BLOCK GRANT.

The State Dependent Care Development Grants Act (42 U.S.C. 9871 et seq.) is amended—

(1) by inserting after the subchapter designation the following:

"PART 1—DEPENDENT CARE PROGRAMS"; and

(2) by adding at the end thereof the following new part:

"PART 2—BLOCK GRANT TO STATES FOR CHILD CARE

"SEC. 670I. AUTHORIZATION OF APPROPRIATIONS.

"For the purpose of making allotments to States to carry out the activities described in section 670L, there are authorized to be appropriated $400,000,000 for each of the fiscal years 1990 through 1994.

"SEC. 670J. ALLOTMENTS.

"(a) FORMULA.—

"(1) IN GENERAL.—The Secretary shall make an allotment to each State for each fiscal year, in an amount that bears the same ratio to the amount appropriated under section 670I for such fiscal year as the allotment figure of paragraph (2) for such State bears to the allotment figure for all States.

"(2) ALLOTMENT FIGURE.—The allotment figure for a State shall be the sum of—

"(A) the number of children who are under the age of 13 who reside in such State divided by the number of children who are under the age of 13 who reside in all States; and

"(B) the relative per capita income of the State multiplied by the factor determined under subparagraph (A) for such State.

"(3) DEFINITION.—For purposes of this section, the term 'relative per capita income' means—

"(A) the quotient of the per capita income of the United States divided by the per capita income of the State; or

"(B) in the case of Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, the Commonwealth of Puerto Rico, or the Virgin Islands, the quotient shall be considered to be 1.

"(b) ADDITIONAL ALLOTMENT.—

"(1) METHOD OF ALLOTMENT.—Any amounts not allotted under subsection (a) shall be allotted among each of the States in proportion to the amount otherwise allotted to such States for such fiscal year under subsection (a).

"(2) DEFINITION.—For the purposes of this subsection, the term 'State' does not include Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

"SEC. 670K. PAYMENTS UNDER ALLOTMENTS TO STATES.

"(a) IN GENERAL.—The Secretary shall make payments from amounts made available for each fiscal year pursuant to section 670I, as provided by section 101 of title 31, United States Code, to each State in an amount (not to exceed its allotment under section 670J for such fiscal year) equal to the Federal share of the aggregate amount to be expended by the State under the State plan for such fiscal year.

"(b) FEDERAL SHARE.—The Federal share for each fiscal year shall be 85 percent.

"(c) STATE SHARE.—The State share shall equal 100 percent minus the Federal share.

"(d) CARRYOVER.—Any amount paid to a State for a fiscal year and remaining unobligated at the end of that year shall remain available, for the next fiscal year, to the State for the purposes for which the payment to the State was made.

"SEC. 670L. USE OF ALLOTMENTS.

"(a) PROJECT GRANTS.—Amounts paid to a State under section 670C shall be used by the State to make grants to eligible entities to enable such entities to conduct activities to improve the quality and availability of child care in such State.

"(b) ACTIVITIES.—Activities described under subsection (a) may include—

"(1) State and local resource and referral systems to provide information on child care services including, information on their availability, types, costs, and location;

"(2) activities to provide consumer education to enable individuals to select high quality child care services;

"(3) activities to improve the development, modification and enforcement of State and local child care standards and requirements;

"(4) training and technical assistance for child care providers and workers to improve their ability—

"(A) to comply with State and local health and safety standards and requirements;

"(B) to detect communicable diseases;

"(C) to detect and to prevent the abuse of children;

"(D) to use effective budget and accounting procedures;

"(E) to take full advantage of beneficial tax laws;

"(F) to reduce liability risks; and

"(G) to take any other actions designed to improve the quality of the child care services provided by such providers;

"(5) recruitment and training programs to increase the number of child care providers and volunteers, including the number of seniors who provide child care services;

"(6) activities to encourage the innovative development of before and after school care;

"(7) loan or grant programs for the renovation or modification of existing structures to meet State and local health and safety standards and requirements;

"(8) activities to reduce barriers to obtaining affordable liability insurance, such as the formation of child care liability risk retention groups;

"(9) activities to encourage the development of employer-assisted child care;

"(10) providing tax credits to low income working families with children, including two parent families in which one parent cares for the children of such family at home;

"(11) activities to increase child care services for children who are sick and temporarily unable to be cared for by their regular child care provider;

"(12) activities to increase the supply of child care services for children of individuals who are employed during non-traditional times of the day or week; and

"(13) activities to increase the supply of child care services to help meet the needs of special populations including children who are homeless, migrant, disabled, abused, neglected, or children of minors.

"(c) LIMITATIONS.—A State shall not use amounts paid to, or on behalf of it under section 670K to—

"(1) make cash payments to, or on behalf of, intended recipients of child care services;

"(2) pay for all or any part of the salaries of child care providers or their employees or staff or otherwise to pay for the operating costs of providing child care services;

"(3) pay for the costs of construction or land acquisition; or

"(4) satisfy any requirements for the expenditures of non-Federal funds as a condition for the receipt of Federal funds.

"(d) TECHNICAL ASSISTANCE.—The Secretary may provide technical assistance to States in planning and operating projects and activities to be carried out under this part.

"(e) STATE ADMINISTRATION.—Not to exceed 7 percent of the total amount paid to a State under section 670K for a fiscal year shall be used for administering the funds made available under such section. The State shall pay from non-Federal sources the remaining costs of administering such funds.

"SEC. 670M. APPLICATION AND STATE PLAN.

"(a) SUBMISSION.—

"(1) IN GENERAL.—To receive an allotment under section 670J, each State shall submit an application to the Secretary in such form, containing such information, and by such date as the Secretary shall require.

"(2) PLAN.—Each application submitted under paragraph (1) shall contain a plan that meets the requirements of subsection (b).

"(b) STATE PLAN.—Not later than 12 months after the date of enactment of this section, each State desiring to participate in the program authorized under this part shall prepare and submit to the Secretary a State plan. Each such plan shall—

"(1) describe the State agency that will administer the programs authorized under this part;

"(2) describe the authorized activities for which assistance is sought under this part;

"(3) provide assurances that the State will not expend in excess of 7 percent of the State allotment under section 670J during each fiscal year for administrative costs;

"(4) provide assurances that the State will give priority to activities that serve low-income areas and populations in accordance with criteria to be determined by the Secretary;

"(5) provide assurances that the State will coordinate the child care activities carried out with funds provided under this part with other Federal and State child care activities undertaken in the State through Federal or State programs;

"(6) provide such fiscal control and accounting procedures as may be necessary—

"(A) to ensure the proper accounting of Federal funds paid to the State under this subchapter; and

"(B) to ensure the verification of reports required under this subchapter; and

"(7) provide such additional assurances as the Secretary may reasonably require.

"SEC. 670N. REPORTING REQUIREMENTS.

"(a) STATE REPORTS.—Not later than 12 months after a State receives funds under this subchapter, and at 12-month intervals thereafter, the chief executive officer of such State shall prepare and submit to the Secretary, in such form as the Secretary shall prescribe, a report describing the States' use of funds received under this part.

"(b) REPORT TO CONGRESS.—Not later than 6 months after the receipt of State reports required under subsection (a), and at 12-month intervals thereafter, the Secretary shall prepare and submit, to the appropriate Committees of Congress, a report containing a summary of the information contained in the State reports submitted under subsection (a), and any additional information the Secretary considers appropriate.

"SEC. 670O. DEFINITIONS.

"As used in this part:

"(1) ELIGIBLE ENTITY—The term 'eligible entity' includes providers of child care services, and would not exclude religiously-affiliated providers.

"(2) SECRETARY.—The term 'Secretary' means the Secretary of Health and Human Services.

"(3) STATE.—The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands,

and the Commonwealth of the Northern Mariana Islands.".

TITLE IV—TREATMENT OF CHILD CARE EARNINGS

SEC. 401. CHILD CARE EARNINGS EXCLUDED FROM WAGES AND SELF-EMPLOYMENT INCOME FOR EXCESS EARNINGS TEST.

(a) WAGES.—Section 203(f)(5)(C) of the Social Security Act (42 U.S.C. 403(f)(5)(C)) is amended—

(1) by striking out "or" at the end of clause (i),

(2) by striking out the period at the end of clause (ii) and inserting in lieu thereof ", or", and

(3) by adding at the end thereof the following new clause:

"(iii) the amount of any payment made to an employee who has attained retirement age (as defined in section 216(l)) by an employer for child care services (including indirect services) performed by such employee after the month in which such employee initially becomes entitled to insurance benefits under this title.".

(b) SELF-EMPLOYMENT INCOME.—Section 203(f)(5)(D) of such Act (42 U.S.C. 403(f)(5)(D)) is amended—

(1) by striking out "or" at the end of clause (i),

(2) by adding "or" at the end of clause (ii),

(3) by inserting immediately after clause (ii) the following new clause:

"(iii) an individual who has attained retirement age (as defined in section 216(l)) who has become entitled to insurance benefits under this title, any income attributable to child care services (including indirect services) performed after the month in which such individual becomes entitled to such benefits,", and

(4) by striking out "royalties or other income" and inserting in lieu thereof "royalties or income".

(c) PAYMENTS OF CERTAIN RECOMPUTED BENEFITS DELAYED.—Section 215(f)(2) of the Social Security Act (42 U.S.C. 415(f)(2)) is amended by adding at the end thereof the following new subparagraph:

"(E) Under regulations of the Secretary, monthly benefits increased as a result of a recomputation under this paragraph shall be further increased on an actuarial basis to include such benefits which would have otherwise been paid in a lump sum (determined from the recomputation date to the effective date of such recomputation as provided under subparagraph (D)) as exceed an amount equal to such additional benefits determined for a thirteen month period beginning from such recomputation date.".

(d) EFFECTIVE DATES.—

(1) The amendments made by subsections (a) and (b) shall apply to wages or income earned after December 31, 1989.

(2) The amendment made by subsection (c) shall apply to recomputations made after December 31, 1989.

SEC. 402. SHORT TITLE.

This Act may be cited as the "Working Family Child Care Act of 1989".

Mr. DOLE. Let me indicate that this amendment tonight is being reviewed by Treasury, by Labor, by a member of Senator PACKWOOD's staff, to make certain we have no errors. Because under the agreement, once it is offered and an agreement is reached, it cannot be changed.

I believe it is correct, but I would reserve the right, which I have, to offer a slightly different amendment tomorrow if we find mistakes or if we decide to make an addition.

Mr. MITCHELL. No, I understand that in good faith the Republican leader is giving us the amendment as it currently stands and as he intends to offer it, but he reserves the right to make any changes to correct any errors. It is not the Republican leader's intention to make any major substantive changes, is what I understood to be the case. And I am very grateful to him in that regard.

Mr. DOLE. I would also indicate that I hope we can get unanimous consent tomorrow morning to first move ahead on the amendment that I will offer to the pending amendment and then, depending on what happens to that on the Mitchell amendment, the majority leader's amendment. And, depending on what happens there I assume there will be additional amendments. We have not made a check on this side. I am not certain how many; how long it might take.

But I think the message has been clear from the majority leader. Members will be on notice, we will be here late on Thursday night and the same could happen on Friday night and beyond if final action is not concluded.

I do not believe we could get agreement tomorrow for any final vote on whatever may be remaining, but at least this will give us a good start.

Mr. MITCHELL. Right. I agree with the Republican leader. It is not my intention to try to get agreement tomorrow on final disposition because we do not know what or how many amendments will be offered.

Perhaps at some point on Thursday, after we have had an opportunity to proceed for some time and have some sense of where we stand on amendments, it may be appropriate to do so. But I think for now if we can get the agreement we have been talking about today, that will be a significant step toward completing action on this matter.

Mr. DOLE. It would be my hope that tomorrow morning, if we can clear it on this side, that we might dispose of pending nominations of Mr. Secchia and Mr. Reed, and maybe reach some agreement on another pending nomination, Mr. Hecht. I have discussed that with the majority leader.

I understand there are no requests of Mr. Reed and Mr. Secchia for rollcall votes on this side so there could be some agreement. Perhaps we could do that at some lull tomorrow.

Mr. MITCHELL. In accordance with the Republican leader's request, I will ask our staff to determine, on our side, whether there are any requests for rollcall votes or any objection thereto, and I will be pleased to take it up in an effort to move forward on these matters tomorrow.

Mr. DOLE. I thank the majority leader.

APPOINTMENT BY THE REPUBLICAN LEADER

The PRESIDING OFFICER. If the majority leader will suspend for a moment, the Chair would like to make an announcement. On behalf of the Republican leader, pursuant to Public Law 100-204 the Chair announces the appointment of the Senator from Kansas [Mrs. KASSEBAUM] to the U.S. Commission on Improving the Effectiveness of the United Nations.

ORDERS FOR WEDNESDAY, JUNE 21, 1989

RECESS UNTIL 10 A.M. AND MORNING BUSINESS

Mr. MITCHELL. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 10 a.m. on Wednesday, June 21, and that following the time for the two leaders there be a period for morning business not to extend beyond 11 a.m. with Senators permitted to speak therein for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESUME CONSIDERATION OF S. 5 AT 11 A.M.

Mr. MITCHELL. Mr. President, I further ask unanimous consent that at 11 a.m. on tomorrow, the Senate resume consideration of S. 5, the child-care bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 10 A.M. TOMORROW

Mr. MITCHELL. Mr. President, if there be no further business, I ask unanimous consent that the Senate stand in recess under the previous order until 10 a.m. on tomorrow, Wednesday, June 21.

There being no objection, the Senate, at 7:24 p.m., recessed until Wednesday, June 21, 1989, at 10 a.m.

CONFIRMATION

Executive nomination confirmed by the Senate June 20, 1989:

DEPARTMENT OF STATE

C. HOWARD WILKINS, JR., OF KANSAS, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE KINGDOM OF THE NETHERLANDS.

THE ABOVE NOMINATION WAS APPROVED SUBJECT TO THE NOMINEE'S COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.